

Muldoon the man in the middle of the spectrum

by Colin James

IT looks as though Prime Minister Robert Muldoon may have a point when he claims to party doubters that he can pull in voters from across the fence in Labour territory.

A special breakdown into socio-economic strata of the Heylen Poll material for *National Business Review* suggests that Muldoon's strongest appeal is in the middle of the political spectrum, reaching towards but not to the upper end.

The chart gives weighted averages of findings of the Heylen Poll over the five soundings taken from October to March (there was no poll in January).

It suggests Muldoon's appeal was strongest among voters of the second-highest socio-economic level — level II —

where he netted 38.7 per cent of preferences.

That level is National territory, as is, by and large, level III, where he is next strongest. But he also scores well in level IV, which is reaching into what used to be relatively safe Labour territory.

At that level, Muldoon outscored his Labour rivals, leader Bill Rowling and deputy David Lange combined. Even at level V, which should be Rowling and/or Lange country, he outscored the two combined.

It is not until socio-economic level VI that the Labour pair come into their own — corresponding with the finding of the analysis in *NBR* on January 26 that, from September to December, it was only in level VI that Labour was relatively safe from National and Social Credit.

A similar pattern can be seen

Prime Ministerial preference by socio-economic level (percentages)

	Total sample	I	II	III	IV	V	VI
Beatham	15.3	11.2	12.7	15.3	18.4	15.7	15.9
Lange	9.1	5.7	8.9	8.4	9.7	9.7	8.1
MacIntyre	0.6	1.8	0.5	0.8	0.2	0.4	0.4
Minogue	1.7	4.4	2.2	3.0	1.2	0.9	0.3
Muldoon	31.8	28.4	38.7	36.7	33.8	28.3	22.1
Rowling	12.9	8.8	7.3	8.5	12.4	17.8	23.1
Talboys	5.6	11.9	8.2	9.0	3.8	4.3	1.4
Other	8.3	18.2	8.7	7.8	5.3	4.8	3.0
Nons	8.3	8.8	5.8	4.9	7.0	8.3	8.8
Oon't know	10.4	8.8	7.0	7.6	10.2	12.0	17.8
Totals	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The index is constructed from data on income, occupation and education and takes into account marital status and the number in the household. Level I is high and VI is low. Data taken from five Heylen Polls from October to March.

in Bruce Beatham's appeal. Only in level VI does Rowling clearly outscore Beatham, who has a clear lead in all categories from level IV upwards — and particularly in level III, the level found most vulnerable to

Social Credit in the January analysis. But the troubles are not all Labour's. The chart shows clearly the uneasiness with Muldoon in the top category. It is at that level that former

deputy Prime Minister Brian Talboys and maverick Mike Minogue have their strongest appeal — presumably as alternative choices by National supporters. Even Rowling does better

than a Labour leader might be expected to, taking into account his overall poor — some would say disastrous — showing.

And there is a high degree of casting around among "other" potential leaders. Level I is the stratum where it is to be found most of the people traditionally influential in National circles. That Muldoon does less well there than at any other level but the lowest lends weight to a widely held belief that he does not go down too well with the party establishment.

And therein can be seen some of the evidence for the tension between him and the bosses of his party organisation.

Still, too much should not be made of this. He remains a clear leader at this level as all others bar the lowest. There can be no doubting his overall appeal as a Prime Minister.



The appeal may well extend across party voting habits and intentions. While his party's fortunes fell between the February 7 and March 14 polls by 1.3 per cent, his own went up 2.7 per cent.

A clue as to why can be found in a comparison of the February and March prime ministerial preference breakdown by socio-economic level. He jumped 12.4 percentage points in his rating by respondents in level III, compared with 6.4 per cent among those in level II and 3.2 per cent in level I.

Lower down the scale, he did not do as well: a rise of 3.1 per cent at level IV, but falls of 0.1 per cent and 3.9 per cent at levels V and VI.

The key may be found in answers to the "most urgent problem" question. Respondents in socio-economic level III were the most likely to nominate industrial unrest and strikes as their principal concern.

Further down the socio-economic scale, though industrial unrest was certainly a concern, it continued to be far overshadowed by unemployment.

Interestingly, at the higher levels I and II, industrial unrest was the least concerning, rating only 3.2 per cent among level I respondents, compared with 17.9 per cent among level III respondents (and 8.3 per cent at level II).

It is among respondents at level III and IV that Social Credit showed relatively highest appeal in the January analysis — and it may be that people at level III were encouraged by Muldoon's handling of the February poll to say they preferred him as Prime Minister while adhering to their party preference for Social Credit.

This might at least partially explain the paradoxical Social rise/National fall/Muldoon rise between February and March.

There is one ominous sign for both older party leaders, Muldoon and Rowling, the relatively worse showing by the youngest voters, while Beatham does by far the best there. Looking beyond 1981, there is food for thought for both of them.

 NEW ZEALAND'S
 NATIONAL WEEKLY OF
 BUSINESS, POLITICS
 AND ECONOMICS

NATIONAL BUSINESS REVIEW

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Air NZ freight hike hits exporters, other airlines

by Warren Berryman

AIR New Zealand has hit both exporters and its competitors with a package of air freight increases to the United States — a Government-nominated top priority export market.

Air New Zealand has imposed a 5 per cent increase on gateways served by the national carrier and a 15 per cent increase on the other three destinations. The decision has been endorsed by the Ministry of Transport and breaks a long-standing tradition of one common freight rate to any of the five gateways of Western North America.

The competitive advantage of Air New Zealand's opposition, Continental and Pan Am, has consequently been reduced

because the 5 per cent increase applies to Air New Zealand's only two gateways while the 15 per cent hike will affect the other three destinations served by the two American carriers. The price competitiveness of our exports to the North American market has also been eroded.

Freight rates to Los Angeles and San Francisco — on all three carriers — will increase by 5 per cent on May 1. At the same time, rates to Seattle, Portland and Vancouver will increase by 15 per cent.

Neither Continental nor Pan Am had any say in the May 1 rate increases. Both airlines told *NBR* they considered the 15 per cent increases excessive.

One exporter described the move as a "welfare handout to

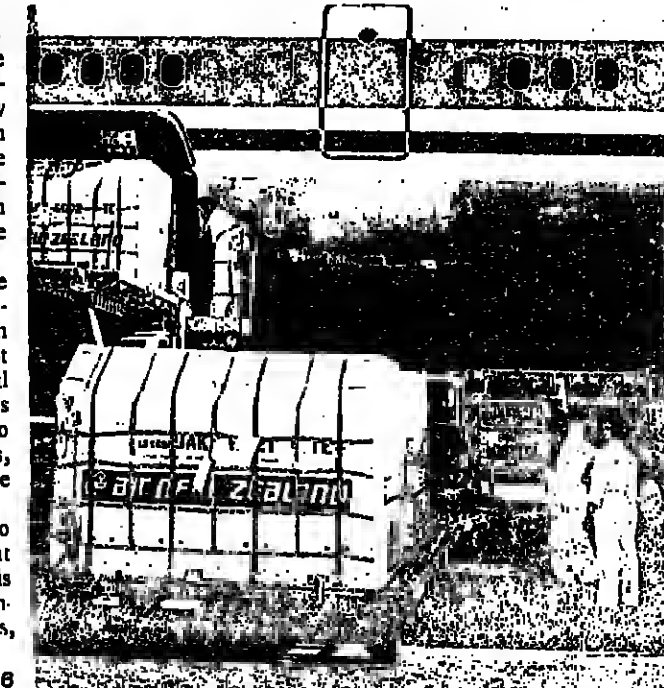
ailing old Air New Zealand".

The new freight rate regime favours the Government-owned airline, but Air New Zealand carries a minor portion of the cargo destined for the United States. Continental carries about 11 per cent and Pan Am about 50 per cent of the total cargo to North America.

Air New Zealand can impose its conditions on direct point-to-point freight rates filed in New Zealand. But it cannot prevent Pan Am or Continental from taking cargo to Los Angeles and flying it on to other American destinations, from there, at competitive rates.

There WAS a direct rate to New York and the 15 per cent increase will be imposed on this route. This is of particular concern to New Zealand exporters,

Continued on page 16



US airlines stalled

AIR New Zealand, with a bit of help from the Ministry of Transport, has stolen a competitive march on its free-enterprise opponents, Pan Am, Continental and other airlines which fly to Europe.

As Air New Zealand advertised its new air fares to London, its competitors were hog-tied in red tape by the ministry.

It has all been settled now. But the Gilbertian battle with the bureaucracy had top-level Pan Am and Continental executives churning out letters, forms and telexes and flying to and from Wellington for weeks while Air New Zealand got on with the business of booking passengers.

Late last month, Pan Am and Continental executives had a chat with Ministry of Transport officials in Wellington during which they claim to have been assured there

would be no change in the European fare structure.

A day or two later, they received advice of a new package of fares to Europe from the same ministry.

Soon after, Air New Zealand began advertising the new fares.

Pan Am and Continental were told by MOT they would have to file accordingly if they wanted to take part in the new fares.

Pan Am refused to file, considering it unnecessary under the New Zealand — United States bilateral air agreement.

Continental filed by taking a copy of Air New Zealand's tariff advice, deleting the name Air New Zealand, and substituting its own name, and sending the lot off to the ministry.

Not good enough, the MOT

Continued on page 6

Tempted away

NBW Zealand's most senior wage negotiator for employers has been lured by higher wages to an industrial relations management position in Australia.

With delightful — but nonetheless worrying — irony, Auckland-based Ron Richards was named major projects coordinator for the Employers Federation just before he was poached by a Queensland-based (but United States-owned) engineering company that conducts feasibility studies into major projects across the Tasman.

His move came after just 20 years of industrial advocacy for employers.

The experience in negotia-

tions gathered by Richards over two decades leaves his employers with a considerable skill gap to fill.

So, in many respects, Richards' move is a striking example of the difficulties New Zealand employers will face as the Government's "think big" projects get under way.

Thus, Australia has and will continue to poach large numbers of local manpower — many in critical areas — as its own massive investments move into the development phase.

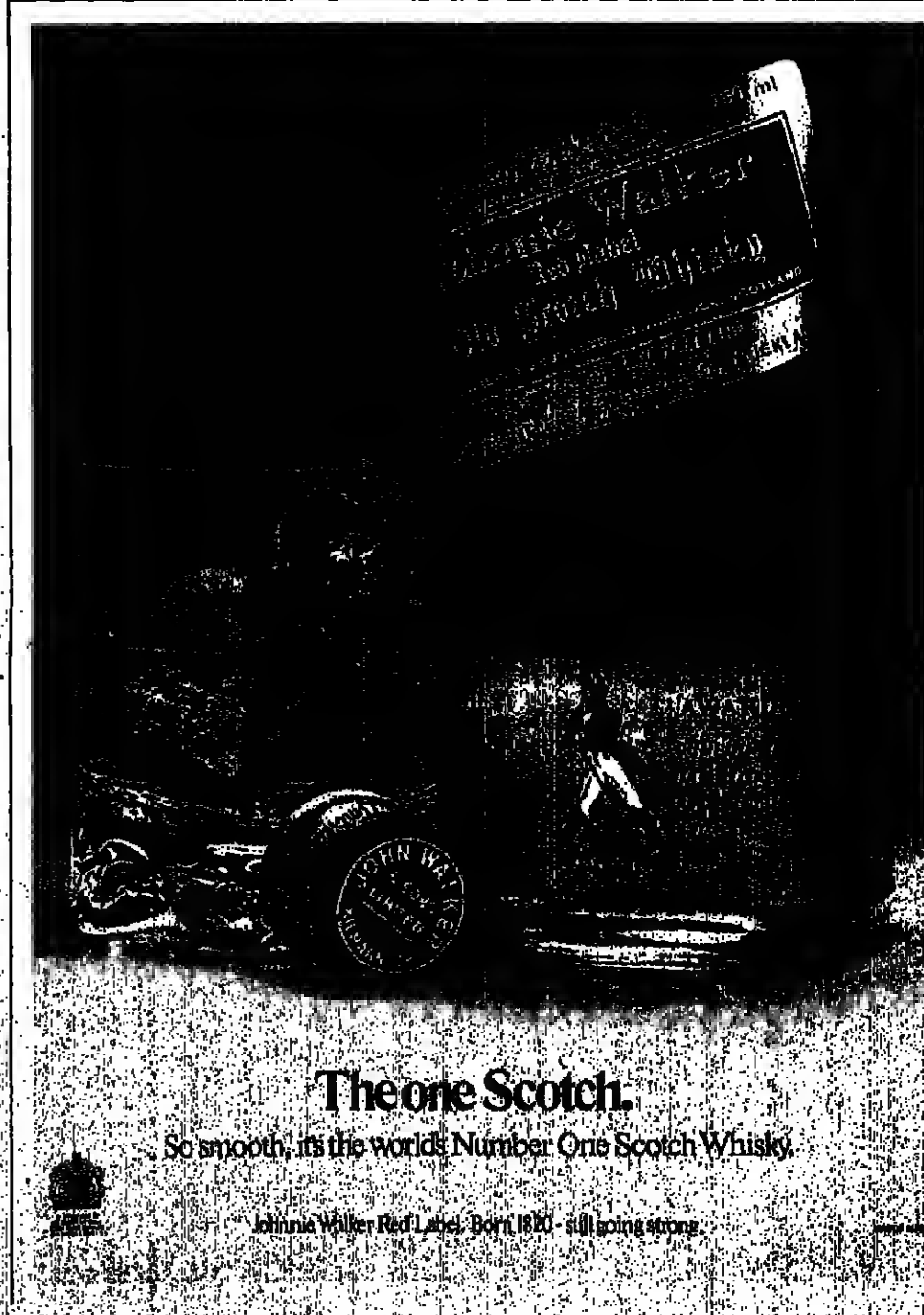
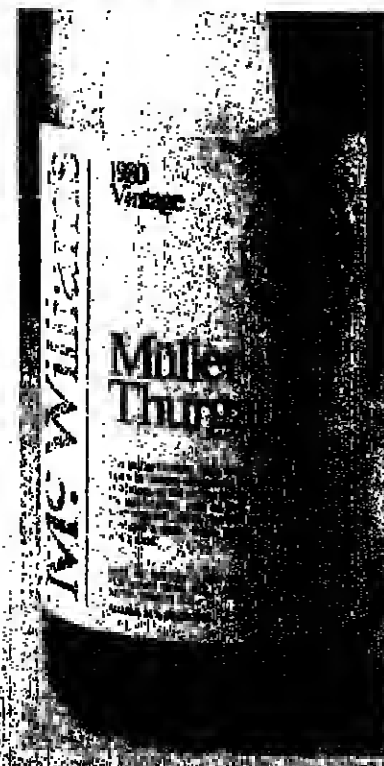
NBR reporter Allan Parker examines the shortages and their impact in the second article of a series investigating the proposed developments on

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Out with the old, in with the new at Wool Board

by Allan Parker

THEY'RE calling it the Day of the Golden Handshake and the Night of the Long Shears down at the Wool Board.

More particularly, they're muttering about the way in which management carried out the Great Redundancy Cull on Black Friday, February 13.

Three of the four officers made redundant then were told of the "handshakes" less than an hour before they had to face the staff for a general management announcement. One of the newly sacked officers was so upset she had to go home immediately.

The fourth was told of her dismissal the day she returned to work from her honeymoon. The board decided it would ruin her wedding if they told her about it the day before the ceremony.

But within two months of announcing the redundancies:

- One of the redundant positions has been re-advertised;
- Five new cars — worth an estimated \$60,000 — are to be bought; and
- A new position of advertising manager has been created.

Internal disquiet about the redundancies and their handling reached a head last week with the advertising of a retail executive position in the board's marketing development division.

The four sacked women worked within this division. They were Yvonne Densen, a public relations officer in the apparel field; Rosemary Haylock, product manager of carpets and sheepskins; Prue Rothenberg, product manager of home furnishings; Barbara Robertson, a retail officer.

Robertson's job has been re-

advertised as a "retail executive" to cover Wellington, Taranaki and Hawkes Bay.

Marketing development division manager Roger Buchanan told NBR the position was now "substantially different with a changed emphasis".

A source familiar with the Robertson job claimed the job description for the new post was virtually the same as that carried out by Robertson.

As well, this source said, Robertson covered all of New Zealand, not just the lower half of the North Island. She is now in Australia.

Rothenberg, a home furnishings product manager, was given a Wool Board housing loan only last November, we have been told. At that time, she was told her work was "more than satisfactory", according to our sources.

She had worked for the Wool

Board for some 13 years and had less than five years before retirement.

Haylock, a carpet and sheepskins product manager, was sacked shortly after the board spent some thousands of dollars to send her on an overseas tour to look at carpet fairs and trends in carpet production.

She had been back in New Zealand only 10 days after this training trip before she was sacked. After six years with the board, she is now working part-time in a central Wellington retail store.

Buchanan told NBR the redundancies were part of a general administrative restructuring within the board, part of "a scaling-down of our entire effort".

Buchanan agreed that the decision to sack Haylock just days after she returned from a board-paid overseas training

trip might appear strange "to an outsider". But the final decision about the redundancies had not been made before she left New Zealand, he said.

Regarding the Densen sacking, he said the board had "an option" to tell her on the day before she got married or when she returned. Management decided it would be more compassionate to wait until she returned.

The decision to spend some \$60,000 on five new cars when it had made four staff redundant was prompted partly in an effort to be "cost-efficient", according to Buchanan.

Three of the cars will go to retail officers in Auckland, Wellington and Christchurch. Previously, retail officers had been based in the capital, requiring travel, accommodation and rental car costs when visiting other areas.

Now, said Buchanan, separate offices will be set up in the three centres, reducing these costs. Each new office will require a car to service the area.

Another of the new vehicle fleet will go to the new advertising manager, a position which requires a vehicle, said Buchanan.

The week in brief

THB commission of inquiry report into the Mt Erebus DC10 crash is scheduled for final landing in the public's lap on April 27, after Cabinet has viewed it. The report is expected to criticise Air New Zealand severely.

THERE is no future for the Commission for the Future as far as the Government is concerned. Chairman Professor James Duncan is defiantly seeking support for an equivalent crystal-gazing body independent of the Government and director Dick Ryan is chasing the Social Credit nomination for North Shore.

AMERICA'S space shuttle, though launched 48 hours late, successfully completed its test flight and landing. RONALD Reagan nominated Monroe Brown, 63, a wealthy businessman and farmer, to

succeed Anne Marindell as ambassador in Wellington. THE Federation of Labour rejected Prime Minister Sir Muldoon's request to address its annual conference. Bill Rowling will be allowed to speak.

The week ahead
MONDAY: Law Society conference, Dunedin, till Sunday.
THURSDAY: Medical Association biennial conference, Auckland, till Sunday.
World Organisation of Nations Colleges and Academics regional meeting, Auckland, till Sunday.

Art education first national conference, Auckland, till Sunday.
FRIDAY: Alcan NZ AGM, Auckland.
Plastics institute conference, Rotorua, till April 28.

INDUSTRIES DEVELOPMENT COMMISSION INDUSTRY STUDIES

General Rubber Products
Tyres
Gloves
Rafficient Flooring
Writing Instruments.

The attention of interested parties is drawn to the Commission's Notices No's 1981/4 (rubber goods and flooring), 1981/5 (tyres) and 1981/6 (gloves) which were published in the New Zealand Gazette of 9 April 1981 and Notice No. 1981/7 (writing instruments) published in the New Zealand Gazette of 15 April 1981.

The Notices set out the terms of reference under which the Commission will be conducting these studies and invite parties to register their interest in the studies with the Commission.

Copies of the notices may be obtained from the Commission's office or viewed at any office of the Customs Department or the Department of Trade and Industry.

Dated at Wellington this 15th day of April 1981

J.R. Jenner
SECRETARY
INDUSTRIES DEVELOPMENT COMMISSION,
P.O. Box 27-046,
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NZLS mystery buyer's aim: to ask questions

THE persistent mystery buyer of New Zealand Land Securities shares plans to buy enough shares to regulation a shareholders' meeting — to question directors about the company's profitability.

The identity of the buyer remains a closely guarded secret, (NBR went to press), but he was still buying shares last week through Auckland broker Hendry, Hay, Smythe and Horton.

He has a minimum target: 10 per cent of the capital — which will prevent NZLS takeover bidder Whitehaven Holdings

from using the compulsory acquisition provisions of the Companies Act to mop up the remaining capital.

But the other string to the buyer's bow is his apparent intention to ask the commercial affairs division of the Justice Department to investigate the company's profitability.

The buyer is said to have entered the market after it was revealed (NBR, March 23) that a director, and former partner in NZLS's geriatric hospitals, believed the hospitals to be worth as much as \$4 million —

double the book value of all the company's assets.

Cornelius Van Der Veer told NBR he believed the profit from each hospital was around \$250,000, on the basis of two identical private hospitals he owns in Christchurch. He backed his claim by saying he would be happy to pay \$4 million for the two NZLS hospitals.

Company sources have indicated to NBR they would be interested to receive an offer at that price.

Opposition to the Whitehaven bid is based on discontent over the valuation of the shares. The NZLS director's independent valuation puts an 18 cents value on the shares. But this valuation does not take turnover and earnings into account.

The mystery buyer has continued to buy NZLS shares at 31c — six cents a share above the Whitehaven takeover bid price of 25c — even though Whitehaven reached 80 per cent acceptance, and declared its bid unconditional, the week before last.

NBR has established that all major blocks of NZLS shares have accepted the offer — including a significant stake originally set aside for NZLS' executive share scheme.

The last block to accept was one of 134,450 shares (4.9 per cent) held by New Zealand Insurance's trust department.

NBR questioned

Whitehaven's chairman, Wellington sharebroker Bruce Buxton, about this shareholding.

He said the shares were held by NZI for the NZLS executive share scheme established in 1974, and confirmed that the scheme was funded by the company through advances to NZI.

So in an ironic twist, NZLS shareholders have helped finance the takeover of their own company.

Another matter vexing the remaining minority shareholders opposed to the bid is the fact that the directors have recommended the Whitehaven offer, though a higher price is being offered.

The men behind Whitehaven are two executives of NZLS, managing director John Martin and secretary Richard Solomon.

Both are NZLS directors, although they abstained when

it came to the question of recommending the bid.

An NBR source commented last week: "Martin and Solomon's position in this case is in an unenviable one. As directors of Whitehaven, they presumably want the bid accepted on terms most advantageous to Whitehaven. But they still wear the hats of NZLS directors employed by NZLS shareholders."

But the mystery buyer is not alone opposing the takeover bid. Another buyer has entered the market, taking up a small number of NZLS shares.

Indicators

THE index of leading economic indicators, which foreshadow changes in the American Economy, dipped 0.3 per cent in February, the third consecutive decline.

Fraud squad calls in Interpol

by Warren Berryman

THE Auckland Fraud Squad has asked Interpol to help track down the source of pro-forma invoices being sent to this country from Switzerland.

Several businesses have notified the fraud squad about the invoices for unordered goods.

The invoices, from a company calling itself World Telex Trust, bill companies for \$US282 for a listing in the International Telex Directory.

Under the heading, "business conditions", the invoices say, "upon payment of the pro-forma your entry will

be included as indicated in the International Telex Directory published by World Telex Trust reg."

The last condition states: "any disputes arising out of this pro-forma shall be arbitrated in the Court of Schaan FL."

Pro-forma invoicing — the practice of sending out bills for unsolicited goods — is illegal in this country under the Unsolicited Goods and Services Act.

It is doubtful if the police have any jurisdiction in Switzerland, from which the invoices were sent.

The fraud squad is trying to

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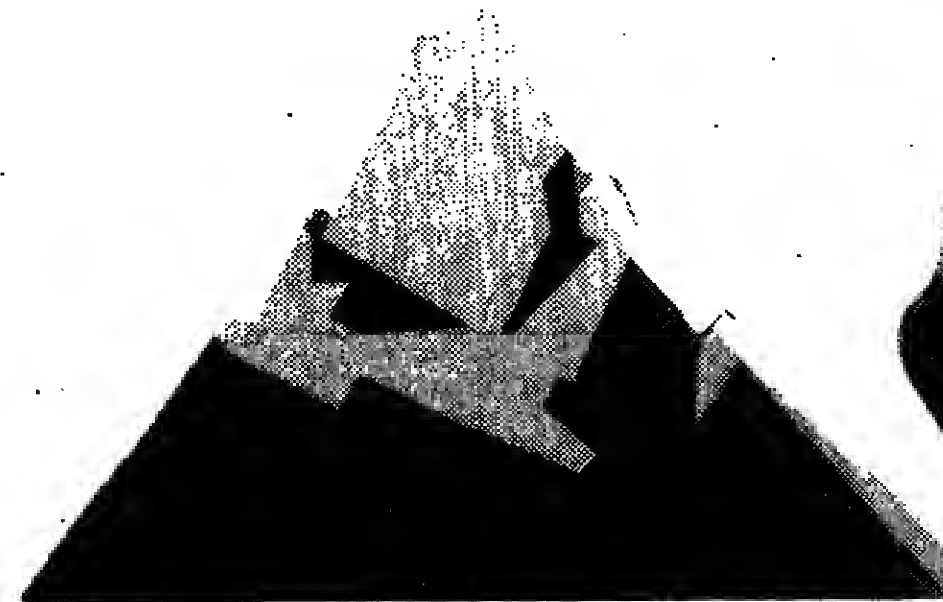
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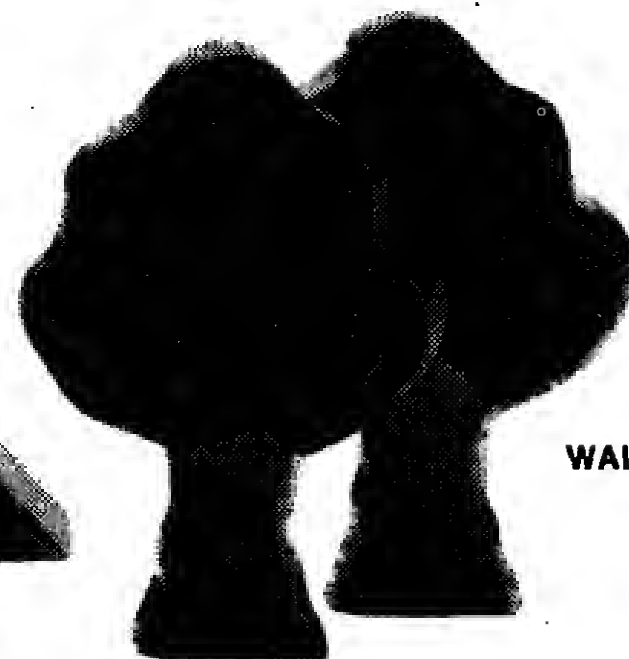
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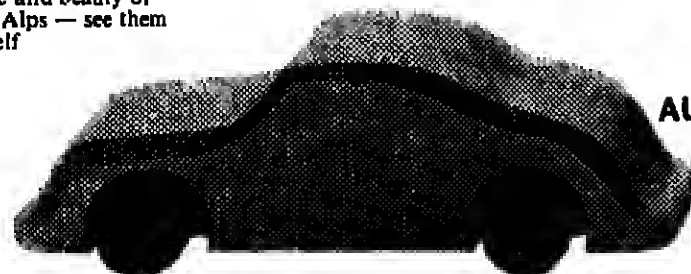
THE BAHRAIN - NEW ZEALAND TRADING AND STORAGE COMPANY



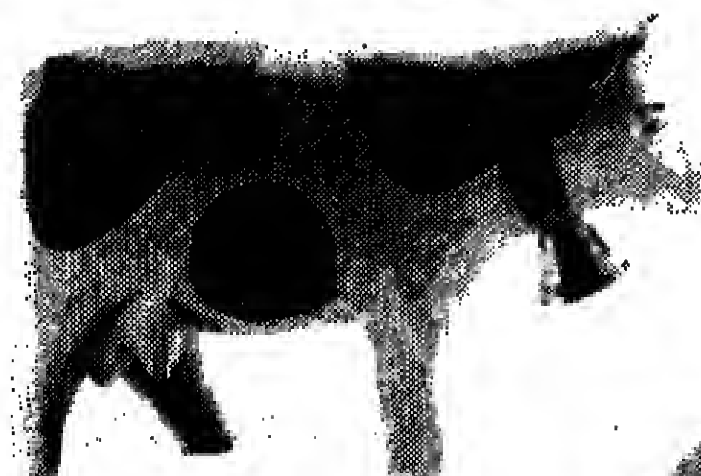
BERG Hard to imagine the magnitude and beauty of the Swiss Alps — see them for yourself



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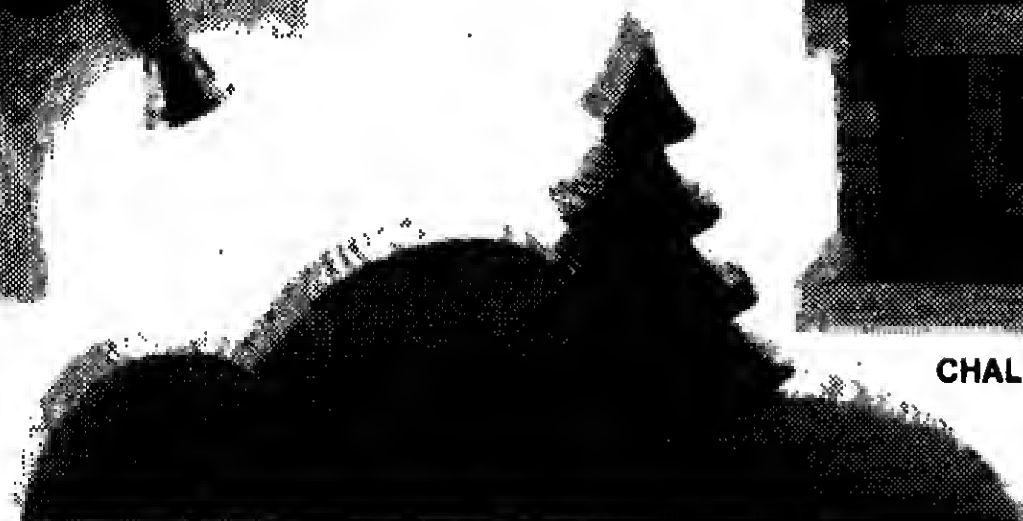
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KUH Listen to the tinkle of grazing cattle as you meander about the lush alpine region



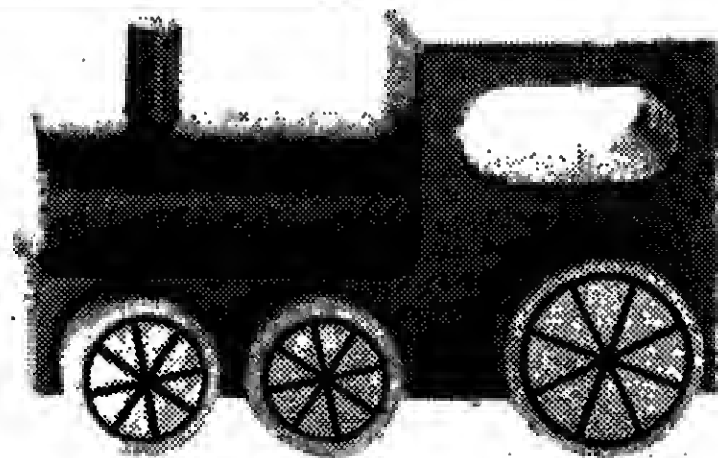
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1981

The week

Face-saving 'way out' sought

by Allan Parker and Warren Berryman

THE Government is hoping to resolve its synthetic carpet gaffe by persuading the local carpet industry to accept a face-saving compromise proposed by the manufacturer of nylon yarn carpet.

It hopes acceptance by the industry big boys, who operate a "gentlemen's agreement" to make only wool-rich carpets, will extricate it from an embarrassing deadlock to allow local synthetic carpet manufacture. The compromise deal went before both Cabinet and the Cabinet Economic Committee last week as one solution to the impasse created by the Department of Trade and Industry.

The issue centres on the granting of an import licence to a small Manurewa manufacturer, New Zealand Woollen Rugs Ltd, which allowed the company to install a machine to make cheap nylon carpet.

The move brought condemnation from the Carpet Manufacturers' Association and the Wool Board.

The two organisations argued that an earlier decision to remove nylon yarn from import licence control, combined with the imported machinery, endangered the industry and

flouted the Government's own wool-rich policy (carpets with 80 per cent wool content).

The outcry obliged the Government to admit "errors" in judgment, although it rejected the "policy-flouting" claim (NBR, February 9).

Unsettled, the Industry and Wool Board have continued to press the Government for a reversal of the decision. Lobbying to preserve the Woollen Rugs' position similarly has been intense.

The Government has thus found itself in a cleft stick over solutions to the impasse.

Should it respond to demands from the "beavies" and pull the rug out from under New Zealand Woollen Rugs to preserve the wool-rich policy — a policy recommended in the Industry Development Commission's textile development plan?

That would bring counter-argument that it was favouring big companies against a smaller competitor after it had allowed the small company to set up shop. And it could be seen to be acting contrary to consumer interests by restricting or removing the cheaper synthetic carpets from the marketplace.

It could also jeopardise investment finance put into the Manurewa company by the



Lance Adams-Schneider... job of unravelling

Development Finance Corporation.

The carpet industry suggested three options to Government:

Place a 60 per cent sales tax on synthetic carpet; Force any importer of synthetic yarn to sign a declaration stating that it will not be used for carpet-making;

Give force of law to the gentlemen's agreement prohibiting manufacture or sale of synthetic carpet in New Zealand.

Failure to act, the industry argued, could result in a major manufacturer breaking association ranks to start producing synthetic carpet. Others would be forced to follow suit.

One result: large-scale unemployment in the already-enraged wool-spinning industry.

The rebel New Zealand Woollen Rugs, while pressing its claim to remain operating in New Zealand, has realised the power of the lobby groups tanged up against it and suggested the face-saving deal that would at least keep it operating.

In essence, the company agreed to restrict its share of the domestic carpet market to no more than 5 per cent. It also agreed that it would make carpets for use in "wet areas" — areas where wool-rich carpets are unsuitable.

That deal was put to Cabinet last Monday, along with the

other options suggested by the industry and the Wool Board. Another option — one which some industry sources had thought likely — was to put nylon yarn back on to full import licence control.

The problem has become so sensitive politically, however, that the decision-making was passed to the more powerful Cabinet Economic Committee, which approved the industry's need for protection in principle by agreeing to provide "enforceable backing" for the wool-rich policy.

CEC has given Trade and Industry Minister Lance Adams-Schneider the job of unravelling the dispute his department created. After last week's meeting, he suggested to the carpet manufacturers that further discussions be held to solve the "nuts-and-bolts" of the problem.

He will be particularly keen to float the New Zealand Woollen Rugs proposal. (And even keener to get it accepted). Certainly, the industry does not regard the outsider as a major threat; it is the principle they find fault with.

The industry argues, too, that policing of synthetic carpet end-use will be difficult, if not impossible. Although a manufacturer might agree that his carpet will be made only for use in "wet areas", who can stop the buyer deciding to use it to carpet his living room?

New Zealand Woollen Rugs acknowledges consumer end-use would be hard to police.

But what else can they do company executives ask? After all, they maintain, they were given the green-light to set up business by the Department of Trade and Industry in the first place. The heavy investment decision was made on that approval.

When NBR went to press last week, an official response from the industry was unavailable. Such a response will probably await an industry meeting to discuss the various options, particularly the compromise deal.

That meeting is due to take place later this week.

New Zealand Woollen Rugs, too, is anxiously awaiting such a meeting — the future of its new line hangs in the balance.

NBR understands that any question of compensation for the Manurewa company has not been discussed, at least officially, at Government level.

But given the Government approval to import a synthetic carpet manufacturing machine, the company would have reason to press a claim for some compensation for lost market opportunities.

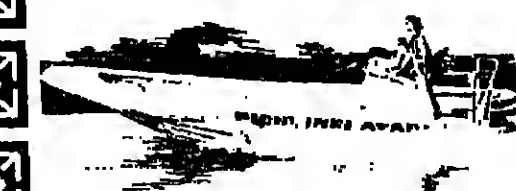
Such a claim would get again, since the Government is an

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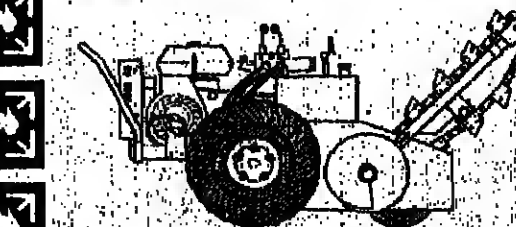
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Comment

Editorial

THE Rugby Union had re-iterated its intention to proceed with the Springbok tour and was being condemned by critics here and abroad for its stubborn stance; the Government was under fire for refusing to intervene to halt the tour and for treating lightly what was said to be its commitment under the Gleneagles Agreement; and Prime Minister Robert Muldoon was about to depart on his own tour of Japan and South Korea. Before he went, he had something to tell us about sport, politics and democracy.

He obviously considered it his duty as Prime Minister to remind the nation — and the world — that this is a free country and that his was a government which recognised fundamental democratic rights. "My colleagues in government and I do not place any less value on the freedoms of our sportsmen and sporting bodies than we do on the freedom of the press or any of the other freedoms that we enjoy," he declared. It might have been a noble avowal of the Government's intent always to uphold those fundamental freedoms, but for a snide crack at the news media ("Newspaper editors who jump like seagulls at the suggestion that the freedom of the press might be infringed seem to regard these other freedoms as a matter of no consequence.") and an attempt to score a few political points ("It is now apparent that a Labour Government would take away from these freedoms; a National Government will not").

Unlike the Americans, we have no Bill of Rights in which our freedoms are entrenched; rather, our system is dependent on convention and tradition, and assumes that if a politician interferes with what are considered to be our democratic rights, he will

pay a political cost. What a Prime Minister declares is how his Government sees its duty in preserving those rights, therefore, must assume great constitutional significance. And what Muldoon said about democratic rights last week logically might be applied to uphold Maori activist Dun Miahake's right to stand on a public toilet during Prince Charles' visit to Porirua, harangue the crowd and burn a flag in protest. But even the great democratic theorists recognise a need for limitations. John Stuart Mill — a staunch advocate of the right to free speech — argued it was wrong to violently criticise a corn-dealer before an excited mob assembled outside a corn-dealer's house.

Similarly, we should not deny that the Rugby Union must be free to invite whichever teams it chooses. The union's prudence in exercising that right to host a tour by the Springboks, cognisant of the inevitable social upheaval, the damage to this country's reputation internationally and the consequences for other sporting groups, is a different matter.

But much more significant than Muldoon's decision to invoke principles of democratic choice in defence of his Government's policy is the ostensible of the controversy which he insists demands non-intervention. There have been many occasions when citizens have looked to the Muldoon Government to uphold their fundamental freedoms, but have been spurned. On innumerable occasions, those who have expressed opinions critical of the Government have been personally vilified; so-called Friends of Rowling have been denied appointment to state positions which they

are professionally equipped to fill; and — in the case of the Commission for the Future — an agency which embarrasses the Government is put down on the list for abolition, its activities to be absorbed within the less nettlesome Planning Council. One of its errors was to produce a report which suggested the "think big" policy was unacceptable to the overwhelming majority of New Zealanders. Another, as Muldoon made clear last week, was to moot the idea of this country taking a neutralist stance within the Anzus alliance. Muldoon confessed to having been "greatly disturbed" by this idea (one which had been deemed unwise by both National and Labour). Why he should be disturbed by an idea which — he infers — is lacking any merit remains a matter for puzzlement.

Muldoon's concern to uphold basic freedoms is far from reflected in his Government's performance on other fronts. There will be tight constraints on the companies which develop the big energy projects, for example. The Government controls the composition of the labour force which will be required; developers are expected to make maximum use of local labour, where this is available, and any deviation from that can be checked through the system of granting immigration permits. The Government is concerned now that developers use New Zealand goods and services, where they are competitive with overseas products and of adequate quality, but is not confident enough in the business acumen of the developers or in free-market forces which would favour the local product, if indeed they were competitive. Muldoon said last week developers could be

directed through contracts to use local resources as much as possible — or special legislation could be passed (the legislative option is being considered by Cabinet). National Development Minister Bill Birch (whose portfolio should not be needed in a free-enterprise climate) sees the problem. "I think they will be largely co-operative, but we want to lay down some ground rules in advance".

Consider, too, the South Island, which has been given but two choices by Associate Finance Minister Warren Cooper: developing power resources, or "pulling the shatters down and putting the South Island into moth-balls". Because the "think big" developments are being promoted by a government which pays scant heed to critics of this policy of economic development, the amounts to no choice at all.

Milton Friedman, the noted monetarist economist and co-author with his wife of "Freedom to Choose", is in the country this week. He will find — if he criticises the system here and our policies are rebuffed, he will find — that we are a reasonably liberal country when it comes to freedom of expression. But he is bound to be disillusioned by the curbs on our economic freedom by placing a heavy — and unjustified — dependence on the capacity of politically susceptible bureaucrats to regulate our market and allocate resources. He may also observe that our Government generally tends to forget about "freedom" as a principle of administration — until it can be exposed pragmatically in a last-ditch bid to get out of a political jam.

— Bob Edlin

Without word of a lie

Merely a mishap?

THE Accident Compensation Corporation appears to have become so embroiled in changing from a commission, settling in its new appointments and accommodating changes to the compensation schemes that it has overlooked a fundamental need — to avert accidents.

The Factories and Commercial Premises Bill to be introduced for the second time this parliamentary session, covers fire and general safety provisions, explosive and inflammable dust or gas precautions, safety in confined spaces, carrying heavy loads, codes of practice, storage of dangerous substances and so on.

The ACC has not made a submission on the bill. Asked why not, controller of safety Jack Harper said: "that's a good question".

He has been with the corporation only a few weeks and was not sure if it had made a submission. The bill was brought to his attention when, at Parliament to make submissions on a noise bill, he heard some people talking about it.

But even ACC deputy managing director John Brown, who has been around for a while, said he was unaware of the bill. He said he didn't know whether "we're going to make submissions or not".

They've missed their chance. The bill went to the House last year after 31 submissions had been heard by the Labour and Education Select Committee. The House sent it back to the committee because of the substantial nature of the suggested amendments and a further 16 submissions were heard on the second round.

Unions, industry groups and retailers made submissions. The ACC — the body ostensibly concerned with the safety of workers — does not even appear to have known about the bill.

Free enterprise

THE freebie cult has finally hit the last of the free enterprise operations...

Spotted the other day on State Highway 1 ... a

bearded young man well wrapped against the cold holding out a sign. Our spotter was beaming the other way but fascinated by the sign — turned to have a look.

It revealed: "Free Cookies". Our hungry spotter continued on.

Spaced out...

IT took NASA two attempts to get its act together with its space shuttle, but the "left up in the air" prize really belongs to Television New Zealand.

All systems-go for a live telecast of the lift-off on the Friday night, Avalon was thrown out of gear just like Houston when the countdown turned to a fizzer.

But NASA decided to try again on the Sunday. Avalon opted out, with controller of programmes Des Monaghan explaining away the decision not to show the live satellite telecast with a paternalistic observation that New Zealanders couldn't stay up late on Sundays and still get to work on time on Monday morning.

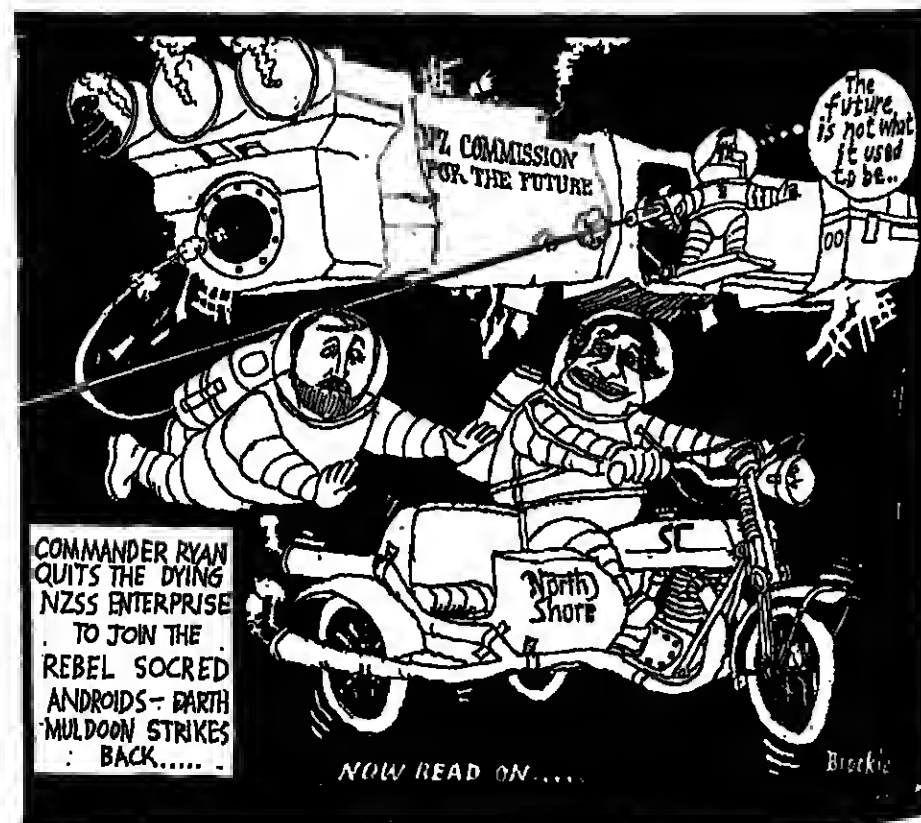
A plausible tale. Next day Radio Windy's David Jones got an Avalon PR person on air who told a different story. Sunday was a non-commercial night and TVNZ couldn't sell all those loaded commercials to defray the cost of the satellite link, plus profit margin.

And the Monaghan concern for Kiwi sleeping and working habits didn't tally with the next scheme, for an early Wednesday morning leading up to the touchdown of Columbia — 5.30am to just after 7.

But even that one went astray. On the Tuesday TVNZ found its contractual rights didn't include the NBC hour-long build-up to the live landing. Instead TVNZ had to settle for the bare half-hour of actuality.

And settle up might also be the work; the Avalon accountants were left at the last minute with a problem — half an hour's telecast and half an hour of commercial time booked at a premium for the same telecast. Good sense did win out — viewers got the Columbia touchdown, not the half-hour of commercials.

Brockie's view



... shuttle shuffle

THE Americans shuffled into space; Wellington's Dominion just shuffled on the spot.

With a mite of embarrassment — and plenty of waste paper — the *Dominion* proclaimed "Space Shuttle Aloft at Last".

The *Dominion's* early first-edition headlines — somewhere around 11pm — didn't coincide too well with the planned Friday-night lift-off time for NASA's Columbia. Undaunted, though, the capital's go-ahead morning paper went ahead,

regardless, and gave its country readers the benefit of the doubt and the big story of the day — that wasn't.

About 20,000 copies rolled off the press before the *Dominion* decided its lead story should be "Space Shuttle Aloft at Last".

But don't go to Press House to get a copy of the historic edition. While they couldn't recall papers despatched to the backblocks, INL disposed of all the reminders left around the building.

Comment

Are the pickings too easy for the modern miners?

by Cath Wallace

INTEREST in mineral exploration and exploitation here reflects not only high gold prices, but also the generous treatment of potential miners.

Foreign mining companies see a country of soft rules and easy pickings. A welcoming foreign investment policy, tax write-offs for capital and current spending that make even the two-thirds-of-normal tax rate largely irrelevant, and officials who are positively eager for a scrap with conservationists over mining in sensitive areas such as national parks have brought the multinationals flocking in.

Waiting company officials acknowledge (grudgingly) that back home they would never be allowed to mine in a national park or to gain an automatic right to mine with most prospecting licences.

The location of mineral company interests reads like a catalogue of natural beauty spots and tourist attractions: the Bay of Islands, Mt. Aspiring, the Coromandel Peninsula, Egmont National Park, North-west Nelson, the Buller, the Lyall and Victoria Ranges, the Paparoas, Mt. Owen and Nelson Lakes. Many of the major West Coast rivers have attracted the attention of companies with plans for huge dredges.

The ranges are usually the source of the gold, silver, molybdenum, copper or other desirable minerals, but glaciers and rivers have taken deposits down to lower land and out to sea. Would-be miners have followed the minerals into conflict with farmers, fishermen, horticulturalists and other residents.

Modern mining is not just a hole in, or under, the ground. With large-scale low-grade deposits, come ancillary tailings dams, sludge ponds, processing and refining plant, work camps and transport systems. Energy and water consumption can be high.

For instance, the proposed Amax molybdenum mine at Crete, Colorado, calls for 85 megawatts of electricity (half the consumption of an aluminium plant) and 2400 acre-feet of water a year, even though 85 per cent of the water used in the milling process is recycled.

At Te Anau in the Coromandel, Otter Minerals (a subsidiary of a Canadian giant) has outlined its hopes for an eventual copper and gold mine. It is looking for ore deposits to mine, treat and relocate at the rate of up to 50,000 tonnes a day.

The reassurances of the Minister of Energy and industry officials to the indigenous locals or users and guardians of parks and reserves creates the impression that there is nothing to worry about; they are only prospecting and their activities are consequently unlikely to result in mining (NBR, Feb 29).

Curiously, industry spokesmen — usually from the New Zealand Mineral Explorers Association, a group which is backed by the major commercial banks working here — also lay claim to future mining bonanzas which will spirit away our wind balance of payments problems and provide "4200 million export earnings within 10 years from known prospects alone" (NBR, Feb 29). Dr. F. J. O'Brien, general manager of Gold Mines of NZ, is reported as saying that the chances of mining prospecting areas is one in 10.

If you abandon the rhetoric and look at the figures (from the Minister of Energy in answer to questions in the House), you find that in the period from January 1 1979 to September 30 1980, there were more mining licences approved (171) applied for (503) and being processed (457) on October 28 1980 than there were exploration and prospecting licences put together.

At the end of November 1980, more than half a million hectares lay under exploration licence (the broad physical impact type) 110,058 hectares were under prospecting and 8468 hectares were under mining licence, with much more under application.

"Prospecting" is not defined in the Mining Act 1971 and residents of Waikanae are asking "When is prospecting mining?"

Using "bulk sampling" techniques under a prospecting licence at Martha Hill near Waikanae, a joint venture between Mineral Resources Ltd and Green and McCahill has extracted and processed gold and silver to the value (at November 1980 prices) of nearly \$2.3 million. At Waikanae the local "gold" is conducted on this scale.

Prospecting licence applications citing bulk sampling as a proposed method have been made elsewhere, including two each in Fiordland National Park by Bronze Boulder Mining and Development Ltd (a \$100 subsidiary of McColl and Dorell) and Gold Mines of New Zealand Ltd (backed by the Anglo-American empire of Harry Oppenheimer and Brerley Investments Ltd).

To those on the receiving end of the attentions of the mineral hunters, the law seems to be designed to facilitate prospecting and mining while giving little support to others even to farmers who have owned and farmed land for decades.

Farmers in the Coromandel, Marlborough and on the river flats of the West Coast are discovering that they have few rights even if they own the land. Along with the public, they often have only 21 days to object to licence applications which, if granted, may carry an automatic right to a mining licence.

But objections must be made in the dark, because only the Mines Division is told by right what mineral is being sought and what the applicant intends to do.

Even those farmers with the most protection of all, those who nominally have the right to refuse permission to would-be-prospector or miners, can be over-ruled by the Minister of Energy on grounds of "national interest" and have their land declared open for mining after just nine months.

To the outsider, this often seems unfair; it seems unlikely that the Minister and department with special responsibility for mining can effectively judge impartially between mining and the values with which it conflicts.

This bias in favour of mining took on a much more serious aspect when it became apparent that normal town and country planning procedures probably had no legal force over prospecting and mining licences. This made the Minister of Energy the supreme decision-maker on all but strictly legal or water and soil considerations. You cannot turn up to a water right hearing and expect to talk about noise levels, your farm plans or the effect of a mine on tourism.

Public and farmer concern has centred on the inadequate publication of applications, the lack of time and information available to objectors, the automatic-right-to-mine which allows prospectors to exchange their licences for mining licences with no public hearings. Inadequate provision for bonds, compensation and policing of conditions, has added to the dissatisfaction.

Bureaucratic delays in dealing with applications have added mineral industry criticism to the complaints. Although the public and many owners are allowed only 21 days to object, a short-staffed and suddenly swamped bureaucracy has often taken a year or more to process applications.

In this climate of discontent, Bill Birch moved astutely in November 1980 to convert this major bureaucratic nightmare into a mammoth gesture of concern to critics in the Coromandel. He declared a moratorium on the issue of new licences which would involve physical damage to the Coromandel until his February trip to see for himself.

This allowed The Mines Division a breathing space. Behind the moratorium, applications still came in and processing, court hearings and so on continued. In real terms there was no change.

The moratorium served the important political function of gaining kudos for Birch, while dampening the fire of discontent over the crucial summer holiday period while the holiday-makers from the urban electorates flocked to the Coromandel Peninsula for a renewal and revival of their links with the very land the would-be-miners were after.

To further defuse the situation, Birch appointed Link Consultants, which used sub-contractors Applied Geology Associates, to help the Mines Division identify public concerns and to assess necessary amendments to the Mining Act.

The consultants' report is now in the Minister's hands; in the background, shielded from public view, the Mines Division has its own position paper and outline of changes to the Act.

The consultants' report is still secret. But here are some pointers to the reforms that are likely to emerge.

Birch is known to want a revised system to allow more public participation, but draws the line at letting local authorities have a final say over mineral licence approvals.

The essential ingredients of the Birch-style recipe for planning include the reduction of grassroots public input; the entrenchment of the anomaly of town and country planning procedures not operating over the licences; the reduction of the role of local authorities and possibly catchment boards to applicants who take their case to the Minister of Energy, rather than conducting hearings and making their own decisions; the retention of the (anomalous) power the Minister of Energy now has to over-ride the local authorities and owners if they oppose the grant of a licence.

One of the thorny questions is the automatic-right-of-exchange of a prospecting for a mining licence. Members of the industry and apparently also key officials are known to favour a planning formula that critics find breathtaking in its con-

tempt for the role of the public in planning. Birch is also said to favour it.

Underlying the proposal is the idea that one of the problems with the automatic-right provision is that it denies the public a hearing. The solution, according to the industry, is that the public should be allowed to come to a hearing but that the automatic-right-to-mine be retained.

This "you can come along and talk but the outcome is inevitable" invitation has been greeted with anger by critics of the industry.

Industry and some officials are also known to want to have applications heard by some agency which can give extra emphasis to the "national interest" and to avoid the local unpopularity of projects with severe local, social or environmental conflicts.

This desire for the representation of the national interest does not apparently extend to discussion or representation of the national social or environmental costs and benefits. The same industry proponents of the national interest are striving to eliminate the present provision in the Mining Act which allows anyone to object on any grounds.

Their aim is to exclude from hearings public interest groups such as recreation clubs and environmental protection groups, leaving only those locals who can prove they are directly affected to put forward site-specific objections.

There are likely to be other amendments. "Prospecting" licences will probably be divided into two parts — one for an early stage and another for a more environmentally damaging style of "mining feasibility trials" with public input largely restricted to applications for the latter.

Critics of this solution regard the steps to exclude early public participation with hostility and point out that such a split between low end high impact prospecting has already been made and is called "exploration" and "prospecting" in the present Act.

Bonds, compensation and royalties are all likely to be given some attention in any revision of the

Act.

Present compensation provisions are a source of discontent which could be relatively easily resolved.

Royalties, or lack of them, will probably be revised by a Government which is sensitive to the fact that although all gold and silver is owned by the Crown, no royalty or other charge is made for either. Royalties on other minerals are negligible. Ground-rents for licences are nominal, and range around 25c a hectare for prospecting and \$1.25 for mining.

Taxation concessions are generous with write-offs for both capital and current expenditure and for the contributing parent companies. If companies mismanage their accounting, tax holidays, and so on to the extent that they do become liable for tax, they only have to pay two-thirds of the normal company tax so long as they are technically a New Zealand company.

In the past, companies with hard-luck stories have managed to extract special tax concessions, loans, and — in the case of the Kanieri Gold Dredge Company — even subsidies on gold.

Some form of amendment or revised Mining Act is a certainty for introduction with priority early in the parliamentary session, but just how far beyond that it goes will no doubt depend on some political accounting and pressures from the caucus energy committee, which has several members in vulnerable electorates.

The mining issue is set to become one of the important political issues of 1981. It is a case in point of the foreign investment and energy intensive utilisation of our natural resources in conflict with other values.

Significant economic questions remain unanswered. Public participation in and information about planning are major issues.

Cath Wallace is an economist with a particular interest in environment — related issues.

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Letters

Striking gold with coins

I HAVE read your article on gold bullion (NBR, February 16) with interest and commend your writer, Lindsey Dawson, on the unbiased nature of the article. I would like to add some comments.

Mention was made of gold being back in October 1980 to \$365. This was wrong. I think the lowest figure was \$485.

A coin in numismatic terms (and probably in a dictionary) is money that is used in trade and accepted by the population as having value. It is always a government issue — if a private person issues anything similar it is called a token. Private issues not meant for circulation or trading are called medallions.

Issues such as "Kiwicoin" will never be listed in numismatic catalogues and nearly all such private medal issues have a retail price of their intrinsic metal value only.

Grading of numismatic items is one of the most difficult problems facing collectors and coin dealers.

Coins can double in value from a nice looking one to one that is nearly new with light wear on the high spots.

And then they can double again to one that is new (uncirculated) and then double again to one that is superb uncirculated (one without any blemish whatsoever).

So, with this doubling up, a coin can go from \$1000 (\$2000 then \$4000) to \$8000 with very little difference apparent to a person without practice.

If any of your readers with coins of high grading want them verified, then I know that Peter Eccles in Auckland or myself in Wellington would be prepared to do so (for a reasonable fee).

Both of us have had 17 years of dealing in coins. If a serious disparity arose over the grading, then the coins could be sent

to the American Numismatic Association. Authorisation centre set up for exactly that purpose.

To finish off, I would like to make my predictions for gold. Usually they are 100 per cent wrong so it was with pleasure that I looked back to your issue of October 22, 1975, to find an article of mine advocating the purchase of gold, then at \$165 an ounce.

It has risen steadily ever since and an investment then would be most acceptable today.

The coin and bullion market in the United States is fairly weak. The euphoria with gold going up carried rare numismatic items upwards to dramatic levels.

My observations, with more than 100 dealers at a recent Los Angeles convention, led me to believe that prices for most rare US items will drop back to, say, those of 12 months ago and then steadily rise from there.

Gold may drop back to \$420-\$400 when millions of buyers the world over will come into the market. The price should settle at about \$450 until Russia invades Poland or some similar world problem creates uncertainty.

Would readers please note that with US\$1 = NZ\$1.08, (at time of writing), an ounce of gold at US \$400 is worth NZ \$432 at current conversion rates.

Alistair Robb
Wellington

Massey's research

I REFER to Warren Berryman's article "Big Sales Push to Get Pork Back in Trim" (NBR, March 2). Berryman's reference to Heylen Research Centre findings with respect to the market research carried out for the development of the leaner pork cuts known as "Trim Pork" is not entirely correct.

Many of the findings cited were the results of the pork product development research carried out at the Market Research Centre, Massey University.

I would appreciate it if you would set the record straight. Sandra J West
Market Research Centre
Massey University
Palmerston North

Horticultural marketing

I READ with interest about the efforts of HBDC under Westbrook Haines to achieve "planned marketing strategies" for our horticultural products in your issue of March 23, 1981.

While Mr Haines sounds

very credible in his approaches and comments I should very much like to know whether he has actually been involved in marketing products in a competitive economy or is his experience limited to theory and "governmental marketing".

I suggest that where contentious matters are discussed in your pages a few short comments about the background of the people involved would help readers to evaluate the opinions put forward.

T H Duston
Christchurch

Time for new approach

THE proposal of the Meat Board (NBR March 30) to establish a meat marketing organisation "taking over the marketing of all the country's lamb and mutton" illustrates how economic practice runs ahead of economic theory.

Monopolistic union power raised the cooks and stewards' wages above what they are worth. Part of those wages are unearned income secured by holding the community to ransom by the use of more or less legal force.

The whole delineation between earned and unearned income must be rethought in connection with the questions of what are "just prices" and "fair wages."

The minds of sociologists are not bound down by the whole outdated structure of what passes for the "science of economics."

The new third party in Britain shows no signs of any real new thinking concerning political economy. Whether Social Credit here or our sociologists will develop the new ideas indisputably necessary to cope with the problems of stagflation is still an open question.

John R Perkins
Tauranga

Straight talk on 'direct'

IT IS not surprising that "Without word of a lie" (NBR, April 6), along with the travelling public and even some members of the travel trade, is

confused by the term "direct" in same airlines' advertising. "Direct" has several interpretations but is predominantly accepted as a technical term to describe a destination-to-destination flight flown by one aircraft, no matter how indirect the routing or how many stops are made.

For instance, Pan Am can fly you from Auckland to London, faster than any other airline, 747 all the way, on the most direct route (ie via the USA). However, British Airways alone (with its Melbourne, Perth, Bombay routing) can claim "the only direct 747 to London" under the one-stop definition of "direct."

Unfortunately for the travelling public some of the airlines deciding to make use of "direct" in advertising choose not to explain the reality of their flights, preferring to let their campaigns on a commonly misunderstood term.

A F Denton
Machmaran AB
Invercargill

Politics

The 108 per cent syndrome — for winners only

by Colin James

EVER wondered why your tax always seems to come out of what you think it ought to be in any self-respectingly selfish community?

Ever wondered why in election years it is always possible to be more generous with taxpayers' money than in other years?

They are examples of the 108 per cent syndrome. In elections you focus the electors' eyes on the bits and hope too many don't add the bits up.

The 108 per cent syndrome surfaced in the Government's *Truth* column the other week. It quoted "the latest poll" as showing "National at 43 per cent, Social Credit 38 per cent and Labour 27 per cent".

The poll was said, as part of a succession of polls over the last

six months or so, to indicate that "something like one-quarter of Labour support has disappeared on a long-term basis."

It also indicated that someone can't add: the total comes to 108 per cent.

It is tempting to base on this a cheap joke about the Government's ability with figures and link that to the brilliance with which the economy has been managed over the past few years.

But no journalist would throw that boomerang. Journalists know that journalism and numbers do not mix easily. My own favourite such experience was in November 1978, when *NBR*'s wild overestimate of National's impending election win was made even wilder by a printing error.

And it is as a journalist, not as an economic manager, that

the Government writes in *Truth*. One should not extrapolate from its journalism as to its economic management ability, just as one should not extrapolate from its economic management a judgment as to its journalistic ability.

But don't therefore disregard the *Truth* message: the Government is busy convincing itself and the public that the Labour Party is finished. I say this, by this analysis, the Government will be returned to office in November.

Walk. There seems to be just the hint of divergence, the faintest difference of emphasis between the Muldoon ministry's buoyant reading of opinion poll tea leaves and the National Party's reading.

President George Chapman has not publicly been so happily excited at the rampant rise of

Social Credit at Labour's expense. About the same time *Truth* was hitting the streets he was warning his Dominion council there was no automatic link between Labour's decline and a National win.

In certain electorates collapse of the Labour vote could tip seats from even a high-morale National Party.

And Labour could not be written off in several recent elections and by-elections it had managed a late surge.

Three seats to Social Credit and two marginals to Labour would cost National its majority.

So right now, and he emphasised "right now", Social Credit is National's No 1 enemy, even though it seemed to be taking more votes from old enemy Labour than from National.

Chapman's implicit message to his troops: don't gloat if Social Credit continues to damage Labour, because that might damage National. The next seven months are unpredictable.

Chapman did not take this analysis beyond 1981, but there is an ominous long-term message for National and it is being perceived by National and Social Credit strategists alike: that if the Social Credit wave rolls on after 1981, it will eventually be National's voting base that suffers most.

Better to stop the wave now than let it get up too much momentum.

The reason is essentially that Social Credit, its proposed monetary controls apart, is nearer to National's "philosophy" than to Labour. Now it grows fatter by gobbling up Labour-leaning conservatives, but there will come a time when that source of supply runs out and if it is to grow fatter still, there will only be National-leaning conservatives to feast on.

The key is in the essentially class-anchored nature of the two older parties. These anchors have been disguised by the parties' need to appeal to the large non-ideological middle ground with a low or nil awareness of class.

There is thus probably a core of Labour urban voters whose voting instinct is class-based and to whom populist middle-ground appeals are of limited persuasiveness.

How big that is is guesswork at this stage, but a clue suggesting that it may not be too far below 30 per cent is to be found in the higher proportion of Labour supporters in recent polls who say they voted Labour in 1978.

In other words, we may be getting near the bedrock of Labour support, the unthinkingly loyal, class-based support that two essentially conservative opponents would find hard to shift. Solo mothers, for instance, are not going to fall over themselves to vote for a socially rigid and disapproving Social Credit party.

This core would give even a badly beaten Labour Party post-1981 enough of a base on which to start pulling itself together; a new leader, a sense of direction.

By contrast, given the pyramid shape of the socio-economic structure of any society, National's comparable raid-resistant class core is probably smaller: high country farmers, established "name" families, intellectual libertarians and so on.

A majority win in November, with a strong minority Social Credit presence in Parliament and a still sluggish economy would be fertile soil for Social Credit-bearing.

And a majority win in November is a more plausible prospect now than it has been since late 1979, when the growth strategy first emerged and before it became tarnished.

But the more plausible, the more dangerous for National. Some party soundings are finding a 1978 syndrome: sympathisers so convinced Labour will not win that they can contemplate voting Social Credit to keep the National Party up to the mark.

In 1978, they nearly taught National that lesson too well. Chapman recognised the danger then and it is no coincidence that it is three years since the week that Chap-

man was warning incredulous Nationalists they could lose in 1978.

At the time his warning sounded like overstatement to get his message across and it is



Richard Prebble... Labour populist.

reasonable to assume a certain amount of similar overstatement in his latest homily.

That it is more serious now, however, is indicated by National's other moves. Two pamphlets have been prepared: the one on what Social Credit stands for, already distributed; and one coming next week on what National stands for.

The pamphlets are aimed principally at party members, to give them clear standpoints. Party strategists expect their essentially policy messages to take two or three months to work through into rank-and-file consciousness and then count on that numerous rank and file to operate, spread that message by a sort of reverse osmosis to the surrounding voters.

The Government, on the other hand, is projecting its essentially style message straight through the television screen at the voter. Its populist leader has correctly seen that a large chunk of non-ideological, middle ground has been shaken loose from its old, very tenuous historical ties and is (temporarily) up for grabs to the most determined grabber.

And he has correctly recognised that the only two grabbers in this sort of game are himself and Social Credit. Labour, with its earnestly rethought policy and its improved (but narrow) organisation, is irrelevant to populist politics. Only Richard Prebble in his ranks has that knack.

Poor Bill Rowling still hasn't even worked out whether to stare at the camera or the interviewer and his eyes shuffle between the two like those of a bewildered stargazer.

He wouldn't recognise a populist phrase or gesture if it hit him over the head. He is fighting the managerial elections of a Nash or a Fraser, when the one he is in demands a charismatic Seddon or a Savage. That is why he has been the butt of such scorn from the sceptical likes of Prebble and Roger Douglas.

There is a sort of nobility in Rowling's dogged inability to play the clown. And down in the South Island, Labour seems to be doing not badly.

But in the populist north, right now, and I emphasise "right now", his only hope for November is if the Muldoon ministry's performance turns from nice to nasty — if the pull turns to push. And "right now" the odds on that are not 108 per cent.

Wholesale price

WHOLESALE prices in the United States rose 1.3 per cent in March — the sharpest increase in eight months — due to hefty increases in food and energy prices. This compares with February's 0.8 per cent increase.

The producer price index for finished goods — which measures wholesale prices — has risen at a 12.5 per cent annual rate for the first three months of the year, compared with the 11.7 per cent rate for all of 1980.

Producer prices for finished goods show price changes just before the goods reach the retail level and generally foreshadow trends in consumer prices.

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SETTLEMENTS			
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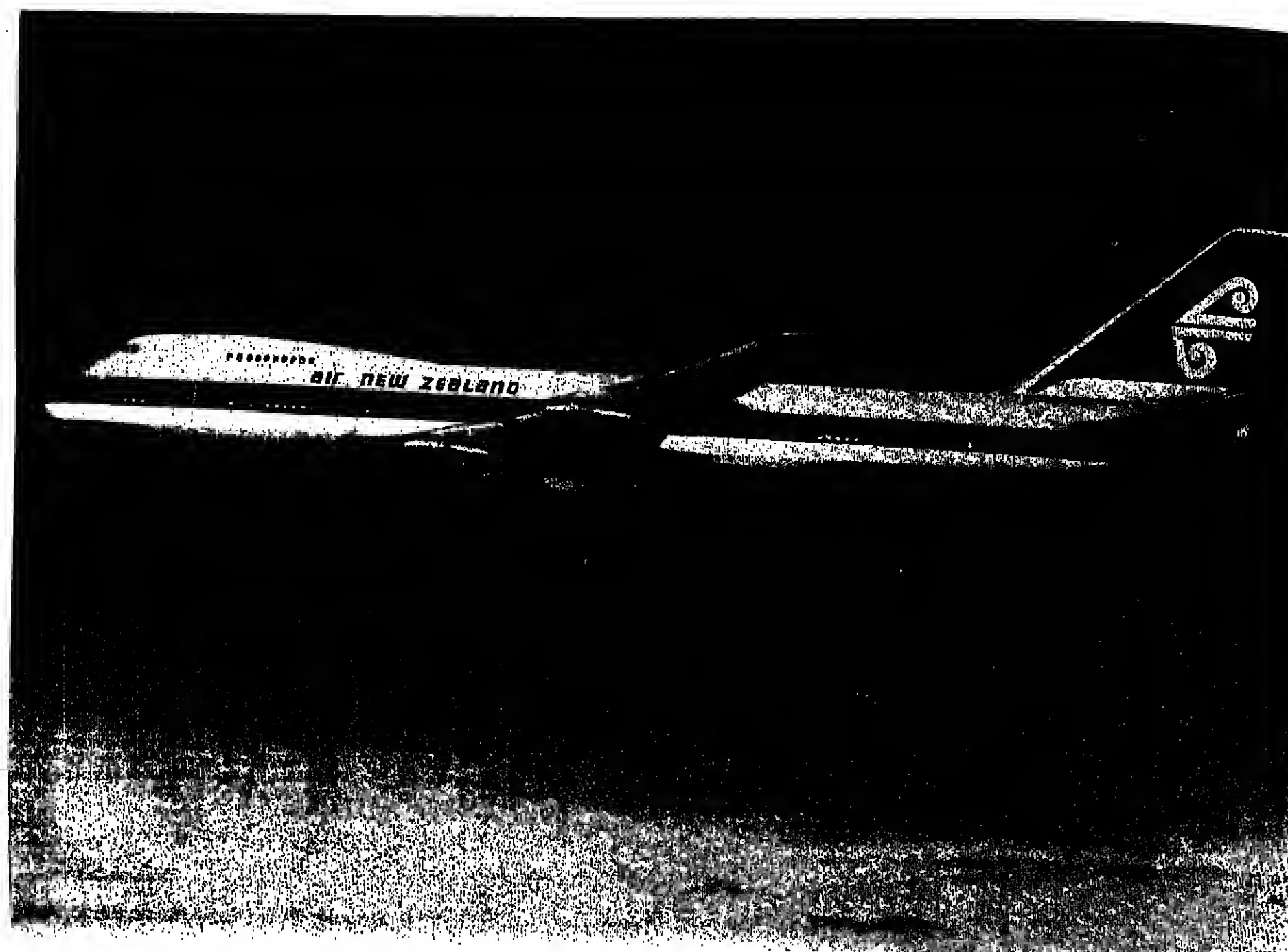
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Economics

Free-to-choose Friedmans come to town

Economics Writer

PRESSURE has been growing for some time here for freeing up the private sector. This means reducing taxes and regulations — or in other words, having less government.

And now, riding on the crest of the wave for freer markets, Milton and Rose Friedman have come to New Zealand to explain how it is done.

Few books on the subject of economics have drawn as much popular attention or lasted as long on the best-seller lists as the Friedmans' book, *Free to Choose*. Milton's television series based on the book was also popular, although the programme would not have had many viewers in this country, because it was screened at an inconvenient time on Sunday afternoon last year.

The Friedmans' story about the economy is focussed on two main ideas: the mutual advantage gained from pursuit of self-interest and the duty of the state not to interfere. These ideas are rooted in two events taking place in 1776.

In that year, Scotsman Adam Smith (known as the father of economics) published *The Wealth of Nations*.

This book described a market system which could combine the freedom of individuals to pursue their own objectives with the extensive co-operation needed to produce food, clothing and other goods and services.

Adam Smith's key insight was that both parties to an exchange can benefit; sellers can produce what they are willing to produce, buyers can buy what they desire to buy and the market mechanism will operate so that the needs of buyers and sellers are met.

As Adam Smith describes the workings of the market place, no external force, no restrictions (or in the Friedmans' words, "no violation of freedom") is necessary to produce co-operation among individuals pursuing their own interests.

Since all individuals are seen to benefit by trade, by pursuing their own interests, they frequently promote the interests of society more effectively than they intended.

The other event in 1776 marked by the Friedmans was the drafting of the Declaration of Independence in the United States by Thomas Jefferson. The catalyst for this was the levying of excessively high taxes by the British on their American colonies, leading to the famous cry "no taxation without representation."

To the Friedmans, the significance of the Declaration of Independence is that it contained the activities of the state to preventing physical harm while guaranteeing liberty of action to individual citizens.

Free to Choose argues that the state has burst through the fence set between it and the individual by the Declaration of Independence and, while it has set aside for the individual, it has the tide is turning and the book says it is now time to look again at rules defining state activity.

A gradual reduction in the

fraction of our income that Government spends would be a major contribution to a freer and stronger society." Other steps include the adoption of general rules which limit the Government's economic power.

To accomplish this, the Friedmans suggest seven amendments to the United States Constitution. One example is that "Congress shall make no laws abridging the freedom of sellers of goods or labour to price their products or services."

In the area of taxation, the Congress (Parliament to New Zealanders) "shall have the power to lay and collect taxes on incomes of persons, from whatever sources derived ... provided that the same tax rate is applied to all income in excess of occupational and business expenses and a personal allowance..."

The rule would go further to exclude corporations and other artificial persons from tax.

The Friedmans argue that these other sources of tax hide the revenue gathering force of the Government. When combined with the hidden tax increases built into the marginal tax scale (fiscal drag), the tax revenue governments gain without going to the people for permission to change taxes is too high.

Arguments in defence of taxing income at the same rate apply to our system. Income tax rates in both the United States and New Zealand are based on marginal tax scales, professing to adjust the rate of tax to ability to pay, to tax the rich more heavily and the poor less heavily.

In fact, the system does no such thing.

The tax law in both countries is so riddled with loopholes and special privileges, that the high rates are almost pure window-dressing, mainly catching a few salary and wage-earners who have no means of avoiding them.

As the Friedmans say: "A low flat rate — less than 20 per cent — on all income above personal exemptions, with no deductions except for arduous occupational expenses, would yield more revenue than the present unwieldy structure."

"Taxpayers would be better off — because they would be spared the costs of sheltering income from taxes; the economy would be better off — because taxes would pay a smaller part in the allocation of resources."

While in the area of tax reform the Friedmans have a message of great relevance to New Zealand, it might be better to wait and see how some of their policies work overseas.

United States President Ronald Reagan found their book "superb" and is already taking note of the Friedmans' five simple truths about inflation:

First, that inflation is a monetary phenomenon arising from money growing faster than production.

Second, that the Government can determine how much money there is.

Third, that the more inflation, the slower the economy grows, and the more money is in the Government's hand.

Fourth, it takes time, measured in years, not months, for inflation to be cured.

Fifth, unpleasant side-effects of the cure are unavoidable.

The unpleasant side-effects overseas appear to be more unemployment. This effect hits those who are deprived more than those who are well-off, so effect which may not be predicted by Friedman, who wants to provide everyone with the freedom to be unemployed.

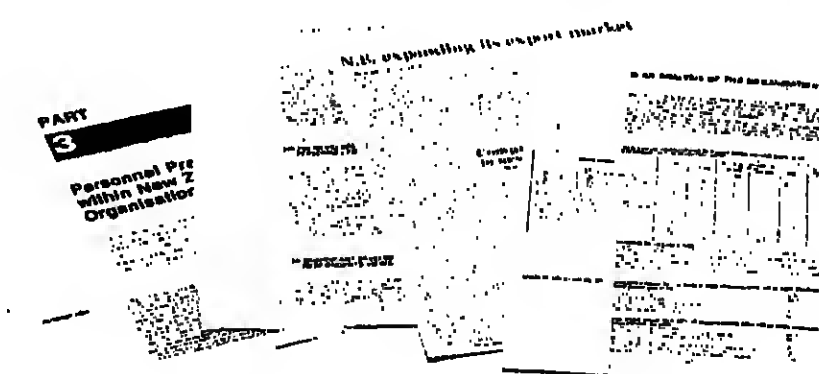
Still, the costs of unemployment are great and may be an unpleasant side-effect we could do without, even in the short term.

One thing the Friedmans do not guess at is how long the long-term is.



Milton Friedman ... sees unpleasant side-effects.

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Finance

Shareholders' liability to be challenged

by Warren Berryman

THE concept of limited liability protecting shareholders from claims above their company's capital will be challenged in the High Court.

Securitbank liquidator Harold Goodman last week filed an action in Auckland's High Court seeking \$24 million in damages from Securitbank shareholders and directors.

The action includes allegations of fraudulent trading against 18 shareholders and directors of the collapsed Securitbank Group.

It is being taken under two sections of the Companies Act and one section of the Insolvent Act.

The bulk of the damages (\$19.6 million) are being claimed from Securitbank

shareholders under section 364 of the Companies Act and section 126 of the Insolvent Act.

Under these sections, shareholders might be seen as sole traders without the protection afforded them by a limited liability company.

It has been alleged that the major shareholders, including the two Government-owned insurance companies and major financial institutions, knowingly and willingly allowed Securitbank to solicit funds from the public when they knew their company to have been insolvent.

The action includes a claim that major Securitbank shareholders had a secret meeting in Wellington on May 18 and 19 1976 — six months before the Securitbank crash — in which they allegedly discussed their company's in-

solveny and that after discussing their company's insolvency they allowed Securitbank to advertise for public funds and accepted those funds.

The liquidator has also taken action against the directors under section 321 of the Companies Act, alleging that by act or omission the directors were guilty of negligence, default, misfeasance or breach of trust.

It is understood the figure of \$24 million in damages is the closest figure to the final deficit obtainable at this stage of the Securitbank liquidation.

The liquidator previously filed a \$13.5 million legal action against Securitbank's former auditors, Barr Burgess and Stewart, and another action seeking to recover dividends paid to Securitbank shareholders.

The shareholder defendants

are South British Insurance Company, Government Life Insurance, State Insurance, NZI, Prudential Assurance Company, National Insurance Company, Norwich Union Life Insurance Company, Pro-

vident Life Assurance Company, A A Mutual Insurance Company, Butland Industries, and Rothmans Industries.

The director defendants are John Skinner, stockbroker; Douglas Bullock, company

director; Robert Cox, company director; Richard Simpson, solicitor; Walter Anderson, company director; John Russell, ex-managing director of Securitbank; and John Rutherford, stockbroker.

Brewery rumours: froth and no beer

CHECKING up on the state of the rumour-monger's art last week was an exhausting business.

The so-called "usually reliable source" suggested to us the Goodman Group and Dominion Breweries were having talks, and that Watties (the two latter companies having joint shareholdings) might be involved.

There was a suggestion, too, that DB and Goodman might conduct a share swap to water

down Brierley's 20 per cent stake in the brewer.

So NBR called DB chairman Graham Callam to ask if the rumour of talks was true.

Callam replied: "There are lots of rumours about other people as well — haven't you caught up with those yet?"

NBR admitted we hadn't heard the other rumours, and Callam said: "I'm sorry, there is no other information I can give you at the moment."

We then tried Goodman chairman Pat Goodman. He wasn't available. But his brother Peter (also a Goodman director) was.

Asked about the talks with DB, he replied: "Oh goodness me, you'd have to talk to him (Pat) about that".

He said there might have been a "few thoughts" on the subject, but didn't think there had been any talks "at this stage", adding "there's always a few things on the drawing board".

Wattie chairman Don McLeod was also unavailable, at the time, and a spokesman

said it would be "quite improper" for him to comment without referring the query to the board.

Then we got a big break at the last minute.

Goodman's managing director Peter Shirliff returned to his Wellington office, and we put the question to him. "Oh, not this one again," he said.

He said his company's policy was to offer a "no comment" on all rumours and suggestions.

He said Goodman had had more than its fair share of rumours since last year's share deals with Watties, "so far that ressoo we have decided on a policy where we do not comment one way or the other — whether we are involved or not".

The rumour was probably the product of an "overheated" sharemarket, he thought.

But in the interests of freedom of information, Shirliff told NBR: "we don't own a DB share — and that's a fact".

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Sharemarket

Vintage year for the market: all eyes on NZFP

by Klaus Sorensen

THIS will be vintage year for the sharemarket. A high degree of support in forestry stocks, and a growing interest in companies involved in energy and resource developments, has already sent the sharemarket up around 20 per cent in the first quarter of the current year.

But this could be just the beginning.

The next month or so will see a string of extra good profit results from companies with a March 31, 1981, balance date, and this may be what the market needs to sustain another strong climb.

Other factors in the market's favour include the continued success of the forest industry companies, increasing manufactured exports and the three-year election cycle and its attendant benefits.

While this could yield unprecedented growth for investors, it may be a relatively short-lived sharemarket boom.

The main problems lie in the medium-term.

While the agriculture, forestry and energy industries will provide the country with a comfortable long term future, internal and overseas trade, deficits, as well as a too high inflation rate, will pose problems in 1982 for the next government.

In the manner of these election cycles, 1982 will probably see deflationary action from the Government to right the imbalance — and that is traditionally bad news for the sharemarket.

The possibility of a Social Credit Government, or even a coalition, is another factor which holds little joy for investors.

That party's emphasis on the small businessman, and its monetary policies are regarded as bear points for the sharemarket.

But for the moment the market will probably adopt an outsize stance and enjoy the good news while it lasts.

The first company report for the March 31 1981 year will be announced in just over two weeks.

Usually there is a struggle between three or four companies for the "honour" of being first out with a profit result.

Last year Auckland Gas was first off the blocks with a May 5 announcement, followed the next day by BNZ Finance.

On May 8 1980, UEB Industries and Wilson and Horton reported, then ANZ Bank produced its result on May 9 followed by the then market leader NZFP with a result on May 10.

The NZ Forest Products result in an interesting case in point which is sure to determine the trend. Last year's profit of \$29.2 million was after

serious sales losses due to the three-month Kineith industrial dispute at the beginning of 1980.

The directors said at the time that, had it not been for this factor, the company's profit would have been more like \$40 million.

This year the company will earn around \$50 million and, possibly more, depending on the May 8 announcement from NZFP's 40 per cent-owned associate, UBB Industries Ltd.

NZFP lifted its half year equity profit (though not including UBB, the purchase of which had not been completed by September 30 1980) by 16.5 per cent to \$22.6 million.

This suggests a second-half profit of at least \$26 million.

But there are a number of factors which could interfere with theories on what NZFP will earn.

Difficulties with NZ Particle Board Ltd at Whakaneke, which is now wholly owned following the purchase of Henderson and Pollard's interest in the board mill, as well as an easing of overseas prices and a reduction of sawn timber exports, will all affect the second half profit.

The strike-plagued 1980 profit of \$29.2 million was after a first-half profit of \$17.8 million, which meant the second half produced a reduced \$11.4 million.

But based on the directors' projections of a \$40 million profit, the second half should have yielded a profit of \$22 million.

If NZFP earns \$26 million in the current second half, it will be more than double the figure achieved in the corresponding period (\$11.4 million) and will be 20 per cent above the figure directors had expected to earn before the strike.

NZFP's September 30 1980 half-year profit of \$22.6 million was achieved on a sizeable increase in local sales, from \$148.1 million to \$196.7 million, yet a small increase in export sales, from \$64.6 million to \$65 million.

But the after-effects of the Kineith dispute from January to March 1980 hit both local and export figures.

According to the directors, the strike meant that working stocks of pulp paper and timber and plywood had to be rebuilt after the resumption of work, and this took place in the September 1980 half-year.

The March 1980 year local sales of \$289.7 million and export sales of \$121.8 million, gave a total of \$411.5 million. Second-half sales in the last financial year were \$199 million — a figure already exceeded by the 1981 first-half figure of \$261.7 million.

In December the directors predicted that for the remainder of the financial year "a continuation of business at the current level of activity is expected, although the pressure of increased oil prices on the economies of some of the countries to which the company sells its products, and a continuation of the effects of the recession in the United States could possibly have some effect on export business."

Nevertheless second-half sales for the latest financial year should be sufficient to push the total figure well through the \$500 million mark, assuming figures around \$280 million.

The important point is that NZFP's earnings of last year

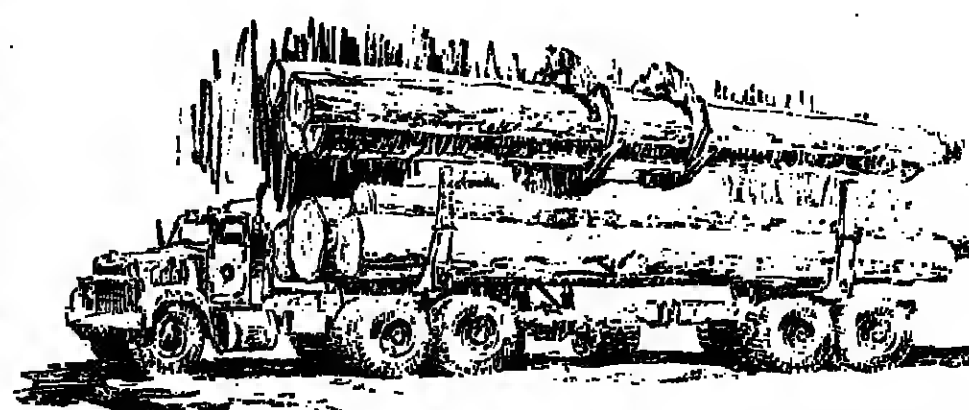
million of available profits. Most analysts expect the company will come up with a dividend, raised sufficiently, to make up for some of the market esteem it has lost to Fletcher Challenge.

Last year NZFP lifted its dividend from 15.5 per cent to 18.5 per cent despite the strike difficulties.

The latest year will provide earnings of around 63 cents a share — a comfortable 3.4 times dividend cover for the present dividend.

But the punters are picking a dividend of at least 20 per cent a share and probably 22 for this year — based partly on the encouraging increase in the interim from 8.5 per cent to 10 per cent.

One analyst told NBR last week that as far as the March 31 1981 results were concerned, he was "fairly positive".



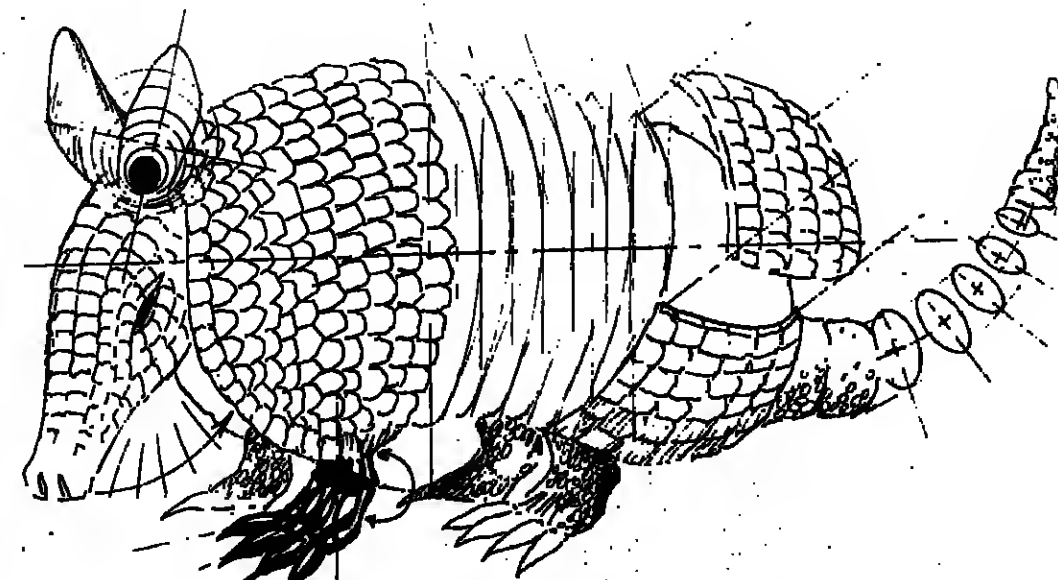
While this is a good example of the cautious parance used by the analysts, it roughly translates to mean he is expecting some decent results.

He makes the point that results will vary from industry to industry, but he expects both retailing and manufacturing, for example, to be "up".

In relation to the second half earnings for March 1981, he expects a noticeable improvement.

Companies expected to report improved results include Farmers Trading and Progressive in the retail area, UBB, Alex Harvey and Fisher and Paykel in the manufacturing sector and the likes of Lion Breweries and Goodman in the food and service business.

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Aviation

Air NZ freight hike hits exporters, competitors

From page 1

who hoped to expand this market.

An Air New Zealand cargo spokesman said the rate increases were in response to increased costs. Under the old scheme of common rates to the five Western North America gateways, Air New Zealand had to *pro rata* another carrier to get cargo from Los Angeles to Vancouver, Portland and Seattle.

The spokesman said foodstuffs (70 per cent of total North bound cargo fall in this category) went to Los Angeles for \$1 a kilo.

When Air New Zealand had to interline with another carrier

to get the cargo to Vancouver, it cost an additional 50 to 70 cents a kilo to go the Los Angeles-Vancouver leg. This 50 to 70 cents had to come out of the \$1 charged on the Auckland-Los Angeles leg, the spokesman said.

Air New Zealand cargo manager Graham Ward said United States domestic freight rates had increased by 38 per cent over the last year. Auckland-United States freight rates have not increased since last June, when they went up 10 per cent.

Freight rate increases to the United States have not been as great as in other destinations, Ward pointed out.

To illustrate what Air New Zealand was up against, Ward pointed to the through-rate from Auckland to New York for kiwifruit.

In quantities over one tonne, kiwifruit went to New York for \$1.41 a kilo. Air New Zealand had to pay an American carrier \$1.28 a kilo to get the kiwifruit from Los Angeles to New York, which meant Air New Zealand was getting only 13 cents a kilo to cart the kiwifruit from Auckland to Los Angeles.

Pan Am or Continental could carry this kiwifruit on its own planes, but Air New Zealand had to pay an outside carrier.

Pan Am and Continental also



had to subtract the cost of servicing these other gateways from revenue earned on the Auckland-Honolulu or Auckland-Los Angeles sector. But where Air New Zealand had to pay another carrier a *pro rata*, Pan Am and Continental

could use their own system to service these other gateways.

With cargo out of New Zealand, the situation is reversed. Pan Am and Continental must absorb the high freight rates within New Zealand to get cargo to Auckland.

Air New Zealand can consolidate its cargo in Auckland with its own services.

Thus the further south cargo goes in New Zealand the more competitive Air New Zealand becomes.

The air freight rate to all five gateways traditionally have been the same. Pan Am and Continental would carry cargo to Seattle, Portland or Vancouver and charge the exporter no more than the rate for shipping to Los Angeles.

These two American airlines could do this on an in-house basis because they had their own American network.

Air New Zealand, with points of entry only at Honolulu and Los Angeles, had to do a *pro rata* deal with an American carrier to provide the same service.

Air New Zealand trucks cargo from Los Angeles to San Francisco and will continue to charge the same rate for both destinations.

But Pan Am and Continental will be prevented from carrying cargo to Vancouver, Seattle, Portland and other North American points at the Los Angeles rate.

Under the New Zealand-United States bilateral air agreement, the New Zealand Government can set rates to the United States and force all carriers to charge an identical rate.

The United States Government can set rates for south-bound cargo. In practice, south-bound rates are established by open competition in a free marketplace.

Rates to the United States are set by Air New Zealand and rubber-stamped by the Ministry of Transport.

Air New Zealand can obtain cargo from inland points in the United States from a large number of competing carriers. Pan Am and Continental must rely on Air New Zealand to obtain United States bound cargo from points outside Auckland.

When Matt Thompson's Nationwide Air was flying cargo from Christchurch to Auckland, Air New Zealand had a competitor. During that brief era, Pan Am got more cargo out of the South Island in one year than in the previous five years.

\$488 Profit on \$12 Outlay

Here's a true story: A small advertiser was spending \$200 per month and not getting any tangible result. Then he bought a \$12 taped lecture entitled: "How to advertise the small business on under \$1000 per month." Result was he immediately saw what he was doing wrong. He didn't even get some free publicity. Instead, Result was a better promotion and a \$488 profit. And that's only one success story among many. To be sure, among many, to be sure, in the lecture, it includes: Do-it-yourself research; Tapping the resources of experts at no cost; Promoting the personal service business; Ten winning techniques for small business operators to create their own side that sell; Cutting out the wastage in advertising; plus more. The lecture was originally given as the Small Business Advertising course in Auckland. To get a cassette tape of the whole 90-minute lecture, send \$12 to: Small Business Marketing, Ltd., 100-102, Market Street, Auckland. Telephone: 800-464.

Horticulture

From cement into berries and squid ventures

by Klaus Sorensen

THE Golden Bay Cement Co Ltd hopes the seeds it has sown for a boysenberry growing venture will eventually provide major tax relief.

The experimental boysenberry planting programme on company land at Nelson is part of the cement producer's diversification plan which also involves a third interest in one of the few successful squid fishing ventures left in New Zealand.

The squid company called Allied Fisheries NZ Ltd, is owned equally by Golden Bay, Nelson's Talley Fisheries and the Japanese company Tsubaki Ltd. It has just pulled off a coup by selling nearly five tonnes of processed squid to the lucrative Australian market — at a time when most other joint squid fishing ventures have fallen through.

But the wholly owned boysenberry venture is the one that

Golden Bay's director of corporate planning, David Houston, is most excited about.

Houston told *NBR* last week the company has more than 100 acres of land suitable for horticultural development and that in a couple of years contributions from this activity could become a significant aspect of the cement company's results.

At present the plantings near the Tarakohe works are on a small scale.

But encouraging progress indicates that more than double the 1.5 hectares already planted will be planted for the next season.

Houston told *NBR* production around 2.5 tonnes an acre (2.5 acres to the hectare) would be expected this year but this would rise to six tonnes an acre in the second year and eight

tonnes an acre in the third.

Current production is being marketed through the Nelson Packhouse Co-operative but Houston admitted that since production would soon be up to around 30 tonnes, Golden Bay might consider doing its own marketing.

He says the company has derived benefit from the assistance of Nelson's TNL group — whose managing director, Garth Butler, is a Golden Bay director.

In addition to the present plantings, Golden Bay has another block of 20 acres nearby which is leased out at present, but will be available for horticulture in a couple of years when the lease expires. But the company's main property is an area of 100 acres at Ligar Bay and it is considering kiwifruit, boysenberry and sub-tropical fruits for this prospect.



Detailed analysis, Page 23

Houston says they have aerial photographs of the land and are about to make an intensive study of its potential along with TNL and the Ministry of Agriculture and Fisheries.

On the question of possible incentives and tax relief, Houston told *NBR*: "We ultimately hope the boysenberry and other horticulture ventures will have

quite an extensive effect on the group's tax situation."

According to him, the company could soon have 30 acres of boysenberry — "and when you get to that stage you are talking big dollars."

In this connection, the company is considering the aspects of greater processing of the production with the intention of adding value to the exports "for a greater dollar sales value and the tax advantages."

However, taxation advantages will not be directly available to Golden Bay from the fishing venture because, according to Houston, "Golden Bay only has 30 per cent — and that's the disappointing thing."

The success of the squid company has been encouraging with 12 tonnes of squid being processed for export to Australia, to an "excellent" response.

The venture is now into its third fishing season and catches are well ahead of last season. But poor prices for frozen squid on the Japanese market has led the company to install a squid-splitting machine to prepare squid strips and tubes for the Australian market, with its "optimum prices."

Houston estimates that of the 12 tonnes processed, around 40 per cent would be exportable product, and says the going price in Australia is between \$4 and \$5 a kilo.

Allied has also considered other fishing ventures, but the squid fishing business is "delicately poised" at present and is dependent on future government policy to joint ventures. Allied will wait to establish its squid fishing on a firmer footing before venturing into other types of fishing, says Houston.

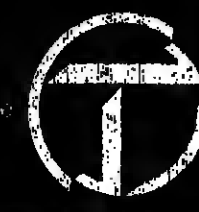
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TOD148

Resource development

Just when we need all the skilled manpower we can

THE Confederation of Australian Industry has done a little calculating that puts New Zealand's cherished major resource projects into alarming perspective.

Assessing Australia's own resource development projects over the next decade, the CAI has prepared a confidential report that shows our neighbour across the Tasman wants 20,000 New Zealanders a year for the next five years to fill its manpower shortages.

The prospects of achieving this are remote. But the fact that Australian developers and industrialists believe 100,000 Kiwis will be needed — and have written that projection into their forward planning estimates — should give officials here cause for grave concern.

Simply, New Zealand is going to have a devil of a job com-

peting against that market, at least on a financial basis.

A simple comparison illustrates the point: New Zealand expects to spend between \$5000 and \$8000 million over the next 10 years (on current figures) on its major projects.

Australia, has projects under investigation totalling \$75,000 million on current prices.

And when big money starts competing against big money, the bigger usually comes out tops.

Certainly, Australia is worried about shortages of labour — skilled and professional — for its developments.

Oil-rich Saudi Arabia interests have already siphoned off large numbers of skilled Australian workers and engineers for projects there.

(Notice, too, increasing advertisements in New Zealand

"NEW Zealand's going downhill. The wife has to work to get enough income. Single-income families can't get ahead. Overtime taxes are too high. No incentives. Will get twice the salary in Australia." — A 30-year-old qualified fitter and turner going to a job there.

Just one recorded voice among the tens of thousands of disillusioned people who have left this country in recent years. Yet, in many ways, it sums up the common feeling that has driven them to leave jobs, homes and families in search of the better life that they grew up to expect but felt had been denied them.

NBR staff reporter Allen Parker, in the second article of a series examining the big projects and their problems, looks this week at manpower.

newspapers for Middle East, tax-free jobs.)

Equally assuredly, skill-hungry eyes are cast across the Tasman to local engineering shops and construction sites.

As far back as October last year, the *Australian Financial Review* was summing up the situation:

"To effect New Zealand is a part of the Australian labour

The Government clutched eagerly at recent figures suggesting that the net migration loss is slowing. Equally, it is adamant that many of those who have left will return to Godzone as the next decade's big projects get underway.

But the worst may just be starting, at a time when we are embarking on the most concentrated industrial construction in our history. And at a time when we already face critical shortages of manpower in key areas.

NBR staff reporter Allen Parker, in the second article of a series examining the big projects and their problems, looks this week at manpower.

A Planning Council survey of migrants 18 months ago reinforces the Australian attitude.

Nearly one in four migrants questioned had a trade or technical qualification. Fifteen per cent had a university or professional qualification.

The survey noted "... It appears that as well as being more highly representative of the professions and other employment requiring a high degree of training, the interviewed migrants in general appear to be more highly educated and better qualified than the New Zealand population as a whole."

(Coincidentally, the universities report "continuing interest" from British electrical engineers, physicists, computer scientists and mathematicians.)

The report's authors conclude: "Partly as a result of overseas recruitment, there are now local shortages, particularly in the engineering field. This additional competition is a development which New Zealand employers now face."

A university careers officer put it more succinctly: "They come over here with shopping lists that could vacuum clean us out."

That view is reinforced by a prominent economist who makes regular trips across the Tasman.

"One Australian building firm I visited told me that whenever they are short of staff they just put an ad in the Auckland papers and fly them (the applicants) across."

"They told me 'We'll just scoop out all your boys'."

The economist said: "The pull from Australia is going to be very strong. Particularly in New Zealand is virtually just a state of Australia economically, and a slow-growth state at that."

A long-standing argument that home and family, the New Zealand way of life and the duty isolation of outback projects will deter potential recruits has been diluted in recent times.

This argument ignores:

• The thousands of migrants who have already forsaken home and family by leaving New Zealand;

• The rapid and demonstrable drop in our standard of living and;

• The increasing number of big projects down the populated Australian east coast and within easy distance of major urban centres.

The same theory is used to argue that those New Zealanders who have left these shores will queue up to join the project rush when it gets under way here.

But researchers and sources close to employment circles are less than optimistic.

His mission was successful to part, at least. We understand

one large Australian organisation brought a New Zealand engineer who had been "well settled" in Australia for 15 years to carry out job interviews — a psychological pressure — a young graduate would find hard to resist.

Just before last Christmas, Victoria University's careers office received a telephone call from a representative of the Queensland Electricity Generating Board. He made no secret that the board will be looking for some 100 New Zealand engineers over the next six years.

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two senior design engineers from the Ministry of Works electricity division packed their slide-rules and headed to Brisbane.

The problem has been recognised by the universities. An annual assessment of graduate numbers, skills, job destinations etc. notes:

"Perhaps the single most important development during 1980 has been the emergence of strong demand from Australian employers for New Zealand graduates with specific degrees."

"Those graduates most likely sought for work across the Tasman are chemical and mechanical engineers, geologists and geophysicists, rolling engineers and mineral processors, computer-related majors in science and commerce, and, to a lesser extent, accountants."

(Coincidentally, the universities report "continuing interest" from British electrical engineers, physicists, computer scientists and mathematicians.)

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Resource development

muster ... the Australians are pouncing

A Liquid Fuels Trust Board-initiated investigation into the projected manpower shortages concluded a year ago: "It has been suggested that these emigrants could be attracted to New Zealand to work on the major projects. From an analysis of the Australian scene in comparison with the New Zealand prospects in the 1980s, it appears this is unlikely to be entirely successful."

Among the reasons:

• Greater project potential in Australia;

• Confounding labour flow towards Australia;

• Higher wages across the Tasman that could increase as shortages develop there; and

• Barriers to Australian economic recovery.

The report did, however, recommend a concentrated public relations programme to encourage New Zealanders to stay in this country in anticipation of the projects here. To date, such a programme has not been apparent.

Other possible solutions to ease the projected shortages, particularly in the skilled trades field, included a relocation of some projects ("not recommended") and reshuffling of others.

Interestingly, this latter option was not recommended as a general approach but the report suggested consideration could be given to the effects of delaying the oil refinery expansion. The opposite has happened; construction has been brought forward.

Yet another suggestion — known to be under serious consideration at top Government level — is to import the necessary skills. Proponents point to the Italian tunnellers, Auckland Harbour Bridge extensions and Kawerau Pulp and Paper works' electrical workers.

Such a move, according to the Liquid Fuels Trust Board report, traditionally only supplies small numbers and would not ease longer-term shortfalls. The board recommends this approach only when the benefits of early project completion outweigh the social costs.

Political costs, too? With such high unemployment, would unions and the general public accept giving general engineering jobs to foreigners that could be done by New Zealanders?

In the event, the Government has opted for SEATS (the "Special Engineering Apprenticeship Training Scheme", or "fast-track training") as the central strategy in meeting the shortfall of trade skills. SEATS is designed to train an additional 600 apprentices over the next four years.

The first intake of some 200 trainees has recently finished its 20-week technical institute course that qualifies trainees for a shortened apprenticeship. But it has run into immediate problems. Among them:

• A failure by many companies to accept the scheme;

• Difficulty in finding jobs for the fast-track trainees; and

• Cancellation of further courses in some areas.

Many employers — and the shop-floor employees — feel that the SEATS programme disadvantages regular apprentices because it does not require the same amount of time to complete the apprenticeship course and regular staff resentment could lead to industrial trouble.

The depressed state of the

heavy engineering industry, too, has stopped many employers taking on the extra trainees. Said one: "Hell, we're having enough trouble keeping our experienced teams and regular apprentices together without taking on others."

As a result, the Department of Labour had great difficulty in placing many of the first SEATS intake when the trainees completed their course.

And in at least one region, homah.

Further courses have been cancelled. Ironically, that area — Dunedin — is one of the major centres for big project development.

The refusal of employers to accept SEATS trainees has embarrassed the Government and cabinet ministers have been forced to publicly berate employers who have not supported the scheme.

NBXT WEEK: The labour hazard and the social time bomb.

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TABLE TWO: OPTIMUM MANPOWER LEVELS IN HEAVY ENGINEERING INDUSTRY

Work area	Optimum level	Level at Feb 1980	Extent below optimum	% of optimum
Office/Administration	1210	1030	180	95
Fabrication Shop — Skilled Labour	1550	950	900	91
Labourers/Trade Assistants	280	190	90	98
Apprentices	230	190	50	79
TOTAL	2080	1320	760	94
Machine Shop — Skilled Labour	990	790	230	77
Labourers/Trade Assistants	120	70	50	69
Apprentices	340	290	50	95
TOTAL	1450	1120	330	77
Erection — Skilled Labour	400	250	150	93
Labourers/Trade Assistants	100	80	40	90
Apprentices	10	10	0	100
TOTAL	510	320	190	63
Other	720	580	190	79
TOTAL	5950	4350	1900	73

In overall terms current manpower levels are 73 per cent of the optimum level with a total increase of 1800 people required to achieve that level.

Source: NZ Heavy Engineering Research Association (HERA) survey report "Capacity and Resources of the Private Sector of the Heavy Engineering Industry in New Zealand", June, 1980.

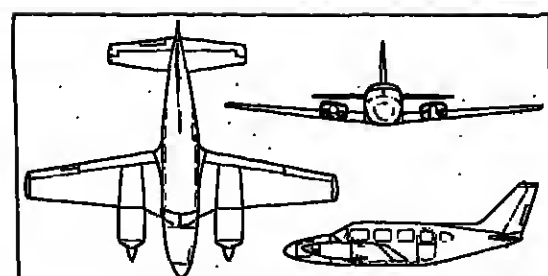
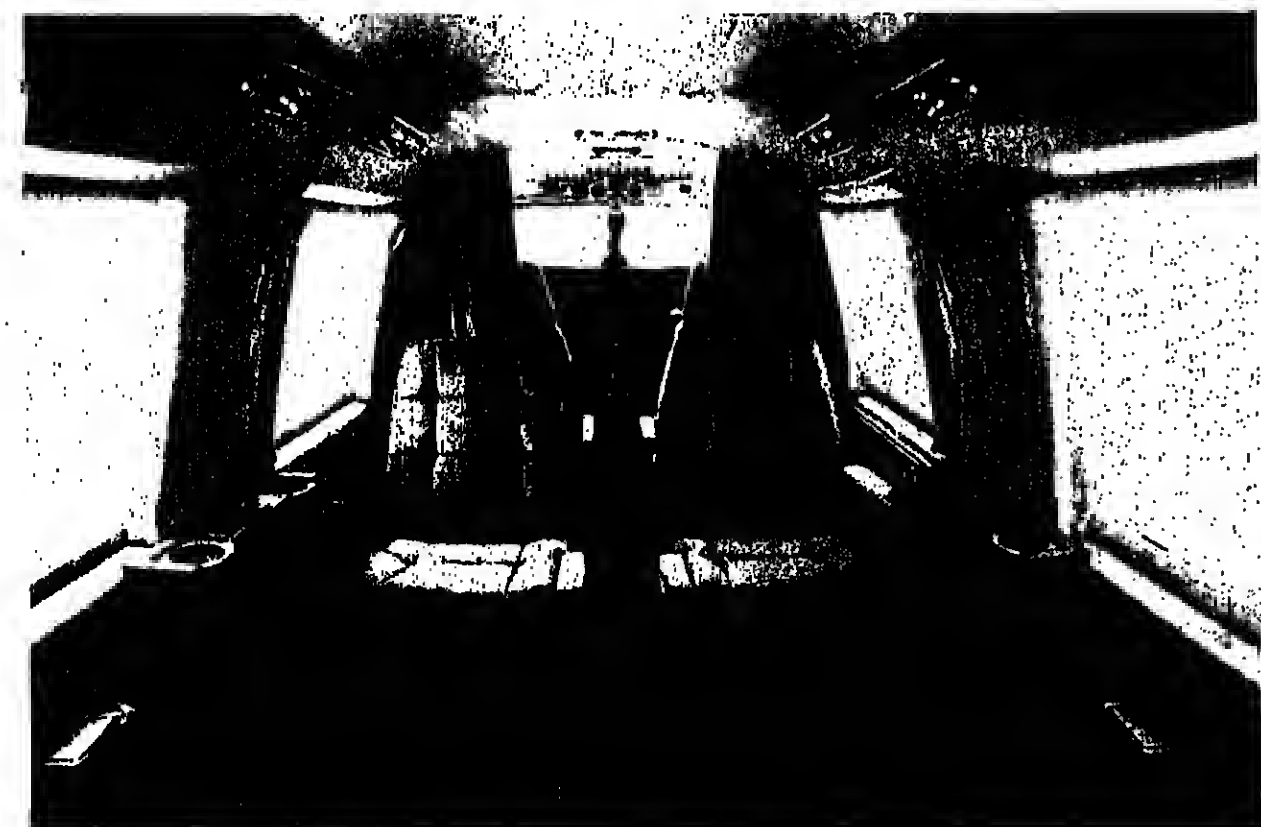
TABLE ONE: SIGNIFICANT TRADE SHORTFALLS

Location	Trade	Date	Shortfall
Northland	Fitters	Early 1983	280
Projects	Welders	Early 1983	140
Taranaki	Fitters	Early 1986	120
National	Fitters	Late 1982	900 to 1700
	Welders	Late 1982	400 to 800

Source: Liquid Fuels Trust Board manpower shortages project, March 1980.

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Unemployment

Unemployment — job shortfall or wrong skills?

UNEMPLOYMENT is the focus of more public concern than any other issue. How we attempt to deal with it depends on whether it is seen primarily as a problem that stems from a shortfall of jobs or deficiencies among the unemployed.

The latter may be politically more palatable — but the country's unemployment problem stems from a job shortfall, and in a recent *NBR* "Comment" article, Geoff Fougere argued that it would be affected only by strategies that began from such a premise.

Fougere criticised Planning Council proposals in the report *Employment: Toward an Active Employment Policy* because — he argued — they did not begin from that premise.

Sir Frank Holmes, chairman of the Planning Council, has written to *NBR* to take issue

with Fougere. His letter appears, in full, below.

We also publish, in full, Fougere's responses to the points raised by Sir Frank in an attempt to clarify not only the differences between them, but the issue itself.

Sir Frank writes: "I would like to respond to several statements made by Geoff Fougere in his article 'Unemployment — planners miss the point' (*NBR* March 9), and Ann Taylor in her article 'Unemployment report runs into heavy flak' (*NBR* March 23).

"(1) I cannot agree with Mr Fougere's argument that because the Planning Council restricted the scope of its report *Employment: Toward an Active Employment Policy* to concentrate on improvements to our employment services and our education and training systems,

this 'implied that the causes of unemployment lay with deficiencies of the unemployed: their lack of motivation, information or skill', and that 'curbing these (deficiencies) by implication would cure unemployment'.

"In several places in *Employment* the council plainly states that a necessary condition for the achievement of full employment is the closing of the present gap between the number of jobs available and the number of people seeking work, and refers readers to other documents in which the council explores the question of how enough jobs might be created.

"In her article, Ann Taylor uncritically repeats Fougere's line of argument — 'the assumption apparent in the Planning Council's *Employment* (is) that the causes of

unemployment lie in the deficiencies of the unemployed — lack of information, motivation or skill'.

"Such an assumption would not accord with the reality of the present employment situation and has never been made by the Planning Council.

"In *Employment* the council took pains to repeat quite clearly, in the foreword, in the introduction, in chapters 1, 2 and 3, and again in the conclusion, that substantial growth in the number of jobs available is necessary in order to achieve full employment.

"This makes a nonsense of the assertion that the council has assumed that the causes of unemployment lie in the deficiencies of the unemployed.

"(2) Mr Fougere argues that in today's situation job creation is more important than improving the functioning of labour



Sir Frank Holmes

markets. The Planning Council does not dispute that the pressing problem of today is a shortage of jobs.

"However, the council is charged with considering New Zealand's medium-term development rather than the problems of today, and looking at the medium-term, the council is convinced that improved active employment policies as well as policies to create jobs will be vital for the achievement and sustaining of full employment.

"(3) Mr Fougere is correct in stating that the active employment policies put forward by the Planning Council in *Employment* are necessary to facilitate the more internationally competitive and more efficient economy advocated by the council as the way to achieve increased economic growth and thereby the additional jobs necessary for full employment.

"However, Mr Fougere appears to have overlooked the fact that any economic strategy to achieve full employment and increase real incomes will involve significant continuing changes in what is produced.

"For this reason active employment policies such as those put forward in *Employment* are necessary to facilitate not only the council's preferred strategy but also any other economic strategy designed to achieve full employment and increasing real incomes.

"(4) Unlike Mr Fougere, the Planning Council believes that improved functioning of labour markets will have some effect on how many jobs and what kinds of jobs there are. For example improved training or retraining policies and improved information and relocation assistance would reduce current skill shortages and result in some increase in jobs.

"(5) Contrary to an assertion by Mr Fougere, the council has never suggested that the unemployment benefit should be reduced 'to solve the problem of motivation'.

Fougere, in reply says he and Sir Frank agree that current employment levels arise from a shortage of jobs and not from the deficiencies of those unemployed.

"We further agree that unemployment will not be ended by active labour market policies, although Sir Frank believes such policies 'will have some effect'. It is all the more puzzling then that the Planning Council chose to focus its major document on employment on outlining proposals to remedy deficiencies among those unemployed — in particular their possible lack of information or skill. It was this point that my article addressed.

"To answer each of Sir Frank's points: "(1) As I pointed out in my article, the Planning Council's proposals, underwritten by analysis. The Planning Council

produces hard evidence of a shortfall of jobs, but provides little evidence supporting the argument that there would be jobs available if only those unemployed had the skills or were variously motivated to take them. (See the section in *Employment*: 'Skill shortages'.)

"Yet it is these problems, rather than the problems of job shortfall, that its proposals address. Analysis of the Planning Council's proposals could hardly lead to any other conclusion than the one I reached that the Planning Council sees an important source of unemployment flowing from deficiencies of the unemployed. Otherwise why put forward the proposals?

"(2) The kind of unemployment we currently suffer is neither cyclical nor short-term. It should be at the centre of the agenda of any group concerned with medium and long term developments.

"(3) Active labour market policies (although not necessarily resembling in detail those proposed by the Planning Council) will indeed be an important part of any strategy designed to reconstruct the New Zealand economy.

"But not because they make much difference to employment *per se*. Active labour market policies can help shift some of the burden of economic change from individuals to the community which stands to benefit from this change.

"What they can't do is ensure that new jobs open up at a rate at least equal to the rate of termination of existing ones. And that is the minimum condition required if policies designed to relocate or retrain those unemployed are to work.

"(4) My comments immediately above make my main point. I do, however, look forward to the Planning Council's provision of further evidence on the magnitude of 'current skill shortages'.

"I certainly hope such shortages exist and that they are large. Because then the problem of unemployment would turn out to be much more intractable than it presently appears — and an active labour market policy might make some difference.

"(5) Common sense suggests that reduction of income payments to the unemployed, for whatever reason, will only add even more urgency to their job search — unless they have private resources to draw on. The Planning Council, in its credit, no longer advocates such a cut, and describes its previous advocacy as 'unfounded'.

"Unemployment poses difficult and increasingly intractable problems. Fiftieth understanding of the causes of unemployment, and of strategies that may affect it, is little developed. What is important to understand is that our current and future problems of unemployment stem from a shortfall of jobs.

"Active labour market policies will make little or no difference to this. What will make a difference is the pattern of economic growth we try to follow.

"The key question, pointed out in my article, is what kinds of economic strategies will produce what kinds of employment opportunities. In his *Employment*, Sir Frank chooses not to respond to this question."

Media

Northern TV building its new complex — regardless

by Lindsey Dawson

NORTHERN Television is gearing up its Mt Wellington media to become a major television production centre, regardless of whether it wins the bid to supply morning programmes to the Broadcasting Corporation.

NT's operations manager, Greene Douglas, said the \$5.5 million dollar plan would go ahead even if Northern Television (principally backed by NZ Herald publishers Wilson and Horton) loses out to its rival bidders, Alternative Television network.

"Either you're in or you're out, and for anyone to go for morning time on television without their own facilities — well, it's just not going to work. But we also feel that there is a genuine need for a good TV complex in Auckland," Douglas said.

Northern had had "a degree of interest" from the BCNZ over the use of the Mt Wellington facilities, he said. "They will be able to use our studios in the same way as they now use other Auckland production houses. It's a commercial operation, and we'll make whatever use we can of the facilities."

Asked if Northern Television was confident of winning the BCNZ tender for supplying morning programmes, he said: "I think that we've done a lot of work and research. We've looked at this very, very carefully. We do have our fallback position but I'd say we were confident, yes. It's a commercial risk. Everything is. But we're confident."

Meanwhile Alternative Television Network, the rival consortium which includes New Zealand News, INL and Radio Hauraki, has called for a full declaration by the Broadcasting Corporation of its business dealings with Wilson and Horton.

ATN managing director Michael Wall maintains that a private understanding clearly existed between the BCNZ and Wilson and Horton.

He has called for a complete statement from the corporation covering any and all agreements between TVNZ and Wilson and Horton, including understandings on time tendering, the use of BCNZ engineering staff in the commissioning of Northern Television's studios and the eventual use of those studios by TVNZ.

Wilson and Horton managing director Michael Horton said *NBR* that he had not replied to the challenge and would not do so. "We don't feel that we need to," he said.

The planned date for the start of operations is July 1, although it may be well after that before final decisions are made as to who gets the nod. Tenders for the supply of programmes close on May 29, and after the BCNZ has made its decision, the winner has to go to the Broadcasting Corporation for an extension of hours. "But we'll be ready to go on July 1," said Douglas.

Northern Television's headquarters will be housed in a building originally erected as a security printing building. Its 60,000 sq ft interior is being split into two studios, plus administration space, and there are plans to build a major studio alongside on the 5½ acre site. Douglas said that the studios and equipment would be the most up-to-date in Auckland.

Douglas' shopping list includes nine ENG (electronic news gathering) cameras, and other electronic goodies which would make the organisation very cost-efficient, he said.

Northern's stated main objective is to eventually run a third television channel — but there are big technical hurdles to be jumped before that can ever happen.

VHF channels around the country are already cluttered with TV1 and TV2 signals. The alternative is to use UHF bands — but New Zealand television sets are mostly bereft of UHF tuners.

"We feel it will be possible to rationalise the situation but it's

not going to be easy," said Douglas.

He said that all Australian-made sets built in the last few years had both UHF and VHF tuners included. "A lot of ours have a socket built in them that the tuner fits into. With these you can attach a \$20 tuner and hook up a couple of wires, but with older sets it's an entirely different situation."

Douglas is not forthcoming on programming, either. "At the moment everyone would love to know what we intended to do, and it will become very public after the tenders close, but I don't see at the moment why we should let anyone else in on the secret."

Cynics are wondering how it can be a financially viable proposition.

"We're confident that we can

manage in morning television. Obviously we're not going to tell anybody how we're going to do it. We don't expect huge profits but I think we'll gain a great deal of experience out of that time," said Douglas.

Douglas is not forthcoming on programming, either. "At the moment everyone would love to know what we intended to do, and it will become very public after the tenders close, but I don't see at the moment why we should let anyone else in on the secret."

He said it was not a matter of improving on what the BCNZ was doing, but providing something different.

"There are certain things

that you're locked into in morning TV, like soap operas — although we wouldn't have continuous soap operas — but we feel we have a responsibility towards children, too," he said. There would also be an emphasis on regional news and magazine programmes.

There is wide interest from the television and news workforces in the concept. Some 700 job applications have flooded in for the 60 to 100 jobs which will be available, including many overseas inquiries.

If Northern Television gets the go-ahead for morning TV, it will have to find a share of the national \$235 million dollar

advertising market. Newspapers get a 46 per cent slice of the cake, with present TV services netting 22 per cent. Radio follows with 12 per cent, magazines 6.8 per cent and direct mail and cinema 9 per cent.

Advertising rates would probably not be cheaper than the BCNZ's, said Douglas.

Why should the print media get into television at all? "We have a lot of expertise in a lot of areas, we have contacts, we have the basis of a whole news system already. I think that newspapers would be better than a bunch of insurance companies or banks."

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Business

Analysing annual accounts: Golden Bay Cement

by Klaus Sorensen
THE Golden Bay Cement Co Ltd has in the past had a pretty shaky image. But shareholders will find the December 31 1980 annual report from the Wellington based cement company relatively refreshing.

The company had seemed content to sit tight and wait for another building boom to boost its beleaguered earnings record.

But at the end of last year a major capital and production reconstruction was unveiled, and the latest annual report suggests some much needed life has been injected into a company struggling to maintain its profit in a declining market.

Like its competitors, Golden Bay found demand for cement slipped steadily through most of the 1970s to the extent where the industry is operating at 50 per cent capacity.

The company's cement output has fallen since 1974 from 718,255 tonnes to 481,000 tonnes in the latest year, though this still gives Golden Bay the largest share of the market and a relatively high 60 per cent usage of productive capacity.

Golden Bay was faced with several relatively simple choices; either increase sales, rationalise with other manufacturers, or trim costs.

Finding new cement markets (exports) has not proved an easy task, so Golden Bay settled on the two latter options and last year launched a \$35 million conversion of the Wilsons — Portland plant, and bought out the half share in Wilsons not already owned by the company.

The latest report details the results of a major equity capital expansion from \$11.1 million to \$27.7 million, through the issue of new shares to Winstonone (for its half share in Wilsons) and to Golden Bay's British parent, the Blue Circle group. Blue Circle now holds 55 per

cent of Golden Bay, while Winstonone has 20 per cent.

The Wilsons purchase has allowed Golden Bay to streamline the relationship between its own works and what was its 50 per cent owned (though larger) associate, to set about the conversion of the Wilsons Portland works, and also to consolidate the Wilsons results into its accounts.

The main object of the Portland conversion is to achieve production economies with a view to reducing costs. The report says the conversion to a dry process will eliminate the use of water in the preparation of the kiln feed and in doing so will virtually halve the amount of energy needed to form the cement "clinker".

The work's capacity will be unchanged at 400,000 tonnes a year but the main alteration will be a reduction in the number of kilns to one.

The sole kiln will be transformed from a long kiln capable of burning slurried raw feed (which requires much more energy to dry) to a shorter kiln handling a pre-heated powder.

In the December 1980 year Wilsons production at 281,000 tonnes was well ahead of the Golden Bay figure of 199,000 tonnes but chairman Alex Paterson says in the report that the Wilsons conversion was necessary "if Wilsons was to survive in the longer term."

However, Paterson's review is less candid on the effect of the consolidation on the company's bottom-line profit for the December 31 1980 year.

The average shareholder is likely to find the consolidated statement of profit a little perplexing without the benefit of an explanation. This is because, on the surface, the company's consolidated turnover leapt from \$19.6 million



Alex Paterson... necessary move.

to \$49.2 million, though the net available profit was up only moderately from \$1,861,810 (excluding a \$396,644 extraordinary profit) to \$2,118,171.

However, closer examination of the profit statement and at-



tached notes, show a much higher taxation provision, and a "once" minority interest deduction, are responsible for this apparently sad state of affairs.

Operating expenses of \$43.3

million, (\$18.2 million last year) which included interest of \$2.1 million and employee's remuneration of \$12.5 million (\$521,000 and \$6.5 million respectively for 1979), left a trading surplus of \$5.9 million compared with \$1.5 million in 1979.

Interest and dividends received increased the profit before tax to \$5,970,429 but a climb in the tax provision from \$670,588 to \$2,747,382 and a minority interest deduction of \$631,516 (nil last year) reduced the profit to \$2,591,531.

An extraordinary expense of \$463,925, plus a minor deduction for the profits of associates, less dividends received, left a net available profit of \$2,118,171.

But the notes to the accounts reveal, firstly, that the \$631,516 minority interest includes a deduction from group

profits of one half of Wilsons tax paid profit for the year (Winstonone still held 50 per cent as at December 31 1980).

Secondly, they show that the extraordinary expense after tax, of \$463,925, arose because "a management fee of \$843,500 was paid by Wilsons to each shareholder for the year ended December 31 1980 in lieu of dividends."

"The amount paid to the outside shareholder is shown as an extraordinary expense after deducting taxation of \$379,575."

"The conclusion the so called 'ordinary' shareholder can probably draw from all this impressively deft accounting is that next year's results will show an improvement."

However, it might pay the company to reassure shareholders of this at the annual meeting.

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Books

Good news for publishers: grants for export

by Robyn Hunt

THE announcement of a Government grant to the Book Publishers Association is a sign that the Government recognises export potential of information. It could also herald a new way of looking at exports.

The grant, made under the Department of Trade and Industry's export programme grant scheme, is for \$174,000 for export market development in Australia and Europe. A further grant for \$118,000 for market development in North America is awaiting Treasury approval.

Nineteen publishers are taking part in the scheme, which has given the book trade stimulus to plan and programme its export activities, and to work as a unified group, benefitting publishers which are too small to mount export promotions on their own account.

The group comprises large and small publishers, including A H & A Reed Ltd, Alister Taylor Publishers (which already has well established overseas markets), and the much smaller Pilgrim South Press and Cavanah Publications, both in Dunedin. It hopes to increase the value of its exports to \$600,000 in three years and to reach \$300,000 in the current year.

Already book publishers ex-



port more — in dollar terms — than the wine trade.

A feature of the book publishing trade is the lack of international tariff barriers. This has two advantages: a higher net profit for exporters, and experience in competing on the open domestic market where publishers have developed a wide variety of skills and maintain a high standard.

They are often more flexible than their overseas competitors, a positive advantage in the export field.

Under the export programme grant scheme, an individual or industry group makes a proposal to the department, which must be renewed each year for a maximum of five years in any one target market area, depending on results.

The grants cover promotion,

trade fair participation, preparation of materials and other direct costs of book exporters.

The book exporters may receive direct assistance from Trade and Industry for certain trade fairs, and can claim the other export incentives applicable.

The book publishers' grant is only the second for an industry group under the scheme, which came into effect in 1980.

Because of international distribution problems, exports will mainly be in the form of publishing rights, or co-editions; that is, a long print run shared by a New Zealand and an overseas publisher, which would have obvious cost advantages for both parties.

Both methods would bring in cash payments and subsequent royalties. This new move to

export intangibles has created some problems which are at present being sorted out with Treasury and Customs.

One problem is the difficulty of taking import incentives when no visible product actually leaves the country.

Another problem is that of market definition, because several major book fairs cover much of the international market. These are among the group's chief marketing channels.

Import-export drives are the book trade mission to Australia. In July, the trade exhibition of the American Booksellers Association in May, and the Frankfurt Book Fair in October.

At each of the trade fairs the New Zealand publishers will have a stand displaying New Zealand books. A major

promotion aimed at North American libraries is also planned.

The grant may have indirect benefits for the New Zealand market. It will enable some smaller firms to expand by giving them easier access to larger markets, and will perhaps even aid the survival of some.

Publishers will be able to accept what would be marginal propositions for the New Zealand market alone, but with added overseas sales would be more viable.

It was a small specialist publisher which provided the initiative for the application.

The scheme has the enthusiastic support of those taking part, and already there are signs of increased export sales in the first three quarters of the current financial year, which in

turn will encourage more members of the association to join the scheme for the second year of the grant.

It is difficult to assess the figures for information exports as a percentage of total New Zealand exports, because they include exports by publishers not within the association, such as the Department of Statistics, and computer software packages exported by firms which are not publishers in the traditional sense.

But it would seem that information could become an important source of export revenue within the next few years, if the optimistic predictions of the Book Publishers Association of New Zealand come true.

Director Gerard Reid says "Books are an extremely portable commodity."

Books

Bad news for browsers: imported book prices up

by Gordon McLauchlan

BRITISH publishing houses are striving to keep hardback prices down for the New Zealand agents as a soaring British pound and a declining New Zealand dollar cause British books to run into consumer resistance.

The agents are negotiating special prices for books they can sell in relatively high numbers.

But a culture gap is opening. Specialist books do not get the same consideration and there is a growing disparity between the prices for best-sellers, artificially kept down, and those for more literary or specialist books.

Booksellers have been reacting to specialist publication prices rising as high as \$50 by not ordering because they don't believe they can sell them.

Said one: "I shudder when I see the price lists for new British books. I know there's no way I can sell some of the books I could have sold a few years ago because relatively the prices have gone so high."

Those British publishers which have accepted they must negotiate on New Zealand prices do so not so much from altruism as to keep in the market here.

Hodder and Stoughton will bring in the new Morris West thriller at around \$15, whereas at a straight currency conversion (more than \$2.50 to the pound), plus freight and a normal mark-up it would probably sell around \$24.

Collins will do the same with, say, a new Hammond Innes.

The difference between sales at \$14.95 and \$23.95 will be many hundreds of copies,

enough to make the reduced profit marginally worthwhile.

These authors can usually expect to sell several thousand copies in New Zealand.

But the full loading goes on books with small prospective sales in this country.

If the disparity between the dollar and the pound grows, the effects could become more severe. Add to this that inflation has got British publishing houses into fairly serious trouble, and there is little likelihood that the lifebelt thrown this way will be extended past a certain point to keep the market here afloat.

Even now, booksellers are worried about their ability to keep sales up as consumer resistance to higher prices grows.

The big retailers have a better chance of survival with their ability to discount and compete with prices. But the smaller

bookseller may find the future bleaker.

Already, some are eyeing American book prices. Americans are having problems of their own with inflation but they can still export books at a much lower price than Britain.

At present it is illegal for New Zealand retailers to import books from America which are published in both British and American editions.

Publishing agents in New Zealand who are bringing in American books for which there is no British edition — mainly specialist books — are enjoying a boom because they can offer titles at well below those of books from Britain on similar subjects.

The effect on paperback sales is variable. Some of the more expensive ones are finding sales resistance but the cheaper books have made gains



because large percentage increases on a basic price of around \$3 is not as traumatic to buyers as the same percentage increase on a price around \$15.

A similar situation in Australia has resulted in an upsurge in local publishing because with an Australian government printing and publishing bounty available, the price of Australian books comes in under the British prices for similar publications.

In New Zealand, however, because of the small print-run for the market here and the absence of a bounty, it is still cheaper to have books printed in Singapore or Hong Kong than at home.

Even though the currencies of those two countries have held up better against the British pound than the New Zealand dollar, they have still been badly enough affected by in-

flation to ensure that the price of New Zealand books printed there will keep climbing.

Australia has the advantage of a market about five times the size of New Zealand's. This means that local printing there is more economic and it also means that foreign publishers will fight harder to retain market share there with competitive pricing.

Although British publishers have undeniably come to the support of the New Zealand market with the negotiable prices for best sellers, a situation is beginning to develop where New Zealanders reading overseas reviews of British books they covet — or American books which will be brought out in British edition — will have to order in advance at high prices through a bookshop and possibly even accept a book unseen on delivery.

Said one publisher's representative: "When a bookseller wants us to bring in a book and send it on just for a prospective customer's perusal, we have to be a bit hard-nosed. The book could get damaged in transit and we could lose on the deal."

So, with a declining number of titles being ordered by booksellers, the days of browsing may be limited. And a resurgence of libraries may be on the way. Several of the book trade people I spoke to predicted boom times ahead for libraries and hard times for small booksellers.

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Brokers at odds over state regulation scheme

THE Insurance Brokers' Association of Australia says the country's Law Reform Commission's report on insurance brokers has not made a strong enough case for government regulation to control their activities.

The association particularly disputes the need for legislation to force brokers to carry professional indemnity and fidelity guarantee. It also opposes any obligation of disclosure of earnings by the broker to his client.

Nonetheless, in a recent submission to the Federal Treasurer, it concedes the need to protect both the insuring public and the insurer in Australia against broker failures, and appears to qualify its opposition to legislative control by arguing for amendments to the Insurance Act and the Life Insurance Act.

The purpose of the association's proposed amendments would be to ensure, first, that the payment to a broker of a

premium would operate as a discharge of the insured's debt to the insurer; and second, that monies held in a bank account specially set up by a broker for insurance transactions are not claimable by parties other than those for whom they are held.

The urgency of some national legislative control of insurance brokers has become increasingly hard to ignore following the latest Australian broker failure, that of the Melbourne firm Kinloch (In-

surances) Pty Ltd, which has gone into provisional liquidation under its own petition, with debts estimated at about \$A3 million.

The IBAA is itself seeking urgent talks with the Treasurer on the Kinloch collapse, and the issue of national legislation.

In this country, the Corporation of Insurance Brokers has been pressing the Government for statutory controls over the industry for the past two years. Justice Minister Jim McLay

is not fully convinced such legislation is in the public interest, but he has repeatedly said he sees some merit in the idea.

As in Australia, in recent years this country has seen a proliferation of small, under-capitalised broking organisations, many of which are unregistered, and therefore not subject to the CIB's strict requirements.

Increasing competition and difficult market conditions

have found more of these organisations struggling.

Just 18 months ago, the operations of Auckland broking company R Tether Insurance Ltd required the appointment of a provisional liquidator and later a winding-up order.

The CIB presented its most recent submissions to the Government late last year in response to a request concerning an elaboration of the public interest aspect and the need for brokers to form trust accounts into which client premiums would be paid.

The submissions also included details of broker failures in Australia, but did not comment on the isolated problems in New Zealand.

The decision now lies with the Government, but the issue



Jim McLay ... sees some merit

is a difficult one, unlikely to be resolved this year.

The Government has yet to be convinced that statutory controls over the professional group will enable a greater degree of self-regulation than exists already.

Officials point to other groups already under statutory control which appear to have far more problems than the broking industry.

NBR also understands some officials fear the creation of a compulsory industry body could enable the large broking companies to dominate the industry.

CIB members say, however, all they really want is legislation which will control the use of the professional name "broker."

They want the definition of the term — and hence its use — made more restrictive, to denote only those people who adhere to specified strict standards, as only CIB members are required to do.

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Judicious justice heads Court of Appeal

by Jack Hodder

IN Wellington's Moleworth Street, just south of the hole in the ground that is the National Library and just west of the Parliament Buildings, one may find the Court of Appeal.

Impressive from the outside (and upstairs), the court building, barely a year old, was designed on two false assumptions: that barristers need neither books nor robing space; and that citizens in their dozens will brave the northerly (or southerly) blowing down (or up) the street to congregate in the open spaces outside.

This month sees a change of furniture at the Court of Appeal. On May 1, Sir Owen Woodhouse succeeds Sir Clifford Richmond as the president of the Court of Appeal, the second most senior judicial post (after the chief justiceship) in the country.

That change condones the convention that the most senior member of the Court of Appeal succeeds to the presidency. It is an important post and the judicial and extra-judicial views of the new incumbent are of some interest.

Unlike his predecessor (or, indeed, his likely successor, Sir Robin Cooke), Mr Justice Woodhouse does not come from one of the prominent New Zealand legal dynasties.

He was born in 1916 and attended secondary school in Napier, returning there to practice law after completing his law degree at Auckland University and after distinguished service with the Royal Navy in World War II.

His appointment to the Supreme Court in 1961 was unusual for that time because of his comparative youth and his practice outside the three main centres.

On the Supreme Court bench, he developed a reputation as a liberal jurist. One example of his decision-making was a finding that a young man who ventured into an ornamental duck pond after a rock concert ("The ducks seemed unperturbed... The attitude of the goldfish is not known") was not guilty of disorderly behaviour; the relevant law was "not designed to enable the police to discipline every irregular or inconvenient, or exhibitionist activity or to put a criminal sanction on over-exuberant behaviour, even when it might be possible to discern a few conventional bounds raised in protest or surprise" (Kinney, 1971).

(The touch of wit evident in that judgment has not been lost. In explaining his reliance on an earlier paper of his when addressing a public gathering, he observed: "There is a degree of affection in attempting to find new and better ways of expressing the same excellent ideas. You would not wish me to be guilty of affectation.")

It was as a Supreme Court judge that Sir Owen Woodhouse was appointed to chair the Royal Commission into Compensation for Personal Injury in New Zealand and to become something of a household name as the man behind the 1967 "Woodhouse Report."

That report, proposing the abolition of common law negligence actions in favour of a comprehensive compensation scheme based on community responsibility in the personal injury field, led to the Accident

Compensation legislation in New Zealand.

It also resulted in the Woodhouse chairmanship of a wider inquiry on the same subject in Australia.

(Cynics may regard the Australian chairmanship of the Thomas Royal Commission as some form of retaliation.)

The Woodhouse interest in accident compensation has had little chance to flag. In addition to regular invitations to speak on the subject (on one such, not so long ago, he criticised the Accident Compensation Commission for not running a "pay as you go" system) the 1972 Act has been before the Court of Appeal in recent years.

In one of those (Nelson, 1979), Woodhouse J found himself in a dissenting minority of one on the question of compensation for loss of value of shares in a "one man company" when the "one man" is injured in an accident.

A clause in the Accident Compensation Amendment Bill (No.2), currently under study by a Parliamentary select committee, would reverse the effect of the majority decision.

Dissenting judgments seem to have become more frequent in the Court of Appeal in recent years. Mr Justice Woodhouse himself has been the dissenter in several cases and in those and other cases has found himself taking a different view from the next most senior judge of the Court, Mr Justice Cooke. The different approaches taken by those two judges in the leading matrimonial property case, *Reid v. Reid* (1979) 1 NZLR 572, are illustrative.

In discussing the new Matrimonial Property Act regime in *Reid*, Mr Justice Woodhouse commented: "Social legislation which affects everybody is not always the comfortable environment of lawyers whose usual preserve is the conventional structure of property and contractual rights which have grown up around the interests of a relatively small and rather more affluent section of the community... But it cannot be right to allow modern attitudes to marriage and the true importance of contributions of spouses to their marriage partnership to be estimated against the curious medium of money."

On the other hand, Mr Justice Cooke saw "any suggested threat of excessive influence of money in judicial assessments generally under this Act, as something of a paper tiger," and stressed that the Act stopped short of a formal regime of community of property.

Although Mr Justice Woodhouse's views on matrimonial property divisions may win praise from feminists (who have recently been focusing on the courts as another male-dominated power structure), he will have been marked down for his assertion that de facto relationships, whether stable or not, cannot be regarded as a modern variant of marriage and that expectations and obligations in law must be tempered accordingly (*Re Z*, 1979).

Another recent judgment which would not have won feminist friends was Mr Justice Woodhouse's (dissenting) view that consent in the context of sex is consent to a normal act of intercourse and that after intercourse has commenced the consent cannot be withdrawn so as

to create the offence of rape (*Kaitiaki*, 1980).

In extra-judicial observations, Sir Owen Woodhouse may be seen to have led the "revisionist" school of thought on the need for a written constitution in New Zealand.

For many years the idea of a written constitution was barely respectable among lawyers convinced of the supremacy of the common law (and confident of the restraints in the legislature).

In his Beaglehole Memorial Lecture in Wellington in October 1979, Sir Owen suggested that dominance of Parliament by the executive had grown to the point where regulatory proposals were being enacted without the legitimate interests of individuals being fully considered.

To cure that, he suggested legislative definition (and

judicial enforcement) of the present unwritten constitutional conventions.

The Beaglehole address was eloquent as to why a written constitution might be needed but reticent on how it was to be achieved. Since that time an odd collection of politicians has seen merit in a "bill of rights" and/or "a written constitution". It may have become a fundamental constitutional bandwagon.

There is a risk of the "written constitution debate" becoming one of executive versus judiciary. In his Beaglehole address, Sir Owen observed that a Prime Minister "will not unless he is very unwise, indulge himself in public criticisms of the judiciary, neither will a judge, unless he is very unwise, seek to undermine the work or policy decisions of Cabinet".



Sir Owen Woodhouse ... reputation as a liberal jurist.

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Waihi warms to glowing hopes of second boom era:

by Warren Berryman

WAIHI — a small and sleepy town nestled in the tail end of the Coromandel ranges — was once the economic epicentre of Northern New Zealand. Then the gold mines played out and Waihi became a town with a boisterous past but little future.

Business confidence was like the climate: dismal and wet. The new quest for gold is bringing confidence back to Waihi's small businessmen. The town is full of speculation: will Amax open a mine on Martha Hill? Or did the old miners get all the gold ore worth getting?

The consensus is optimistic. Whether or not they find a mine, the exploration geologists are filling Waihi's shops, hotels, and bars with welcome customers.

The origins of Waihi's pre-war exploration boom go back much further than the 19th century, when Martha Hill was one of the world's biggest gold producers.

According to geological and geophysical theory of petrogenesis, it all started many millions ago with a volcano blowing its top leaving a caldera. Lake Taupo is a caldera filled with water. Waihi's caldera is filled with rock and rubble.

Evidence that the caldera exists can be deduced from an aeromagnetic survey run by Amoco Minerals showing a large magnetic high. Corroboration can be found in the large quantities of volcanic ash surrounding the area.

Further evidence comes in the form of gravity surveys showing a gravity low which is in this case a bowl in the crystalline basement rock filled with loose unconsolidated fill — like a bowl full of marbles.

According to a currently accepted geological model, the area of interest is the doughnut surrounding this hole where gold and silver-bearing solutions seeped up around the periphery of the caldera, depositing their precious cargo in fissures in the country rock.

Magnetic lows can indicate areas of alteration hopelessly associated with economic mineralisation.

The gold mines of Martha Hill coincide with a magnetic low on Amoco's magnetic survey map. Other lows exist around the periphery of the caldera and these are being closely explored.

So far the mineralised doughnut is only a theoretical model. Diamond core drilling may prove or disprove it.

Geologists are not sure if the gold at Martha Hill, Union Hill and Karangahake is related to the cracked rim of the caldera or related to two large faults that intersect near Waihi.

The geological history of the Waihi area is being reconstructed drill hole by drill hole, sample by sample. It's hard work and very expensive. Hope springs eternal that the gold/silver bearing solutions that came to the surface on Martha Hill also came up elsewhere, blighted from early prospectors by alluvial fill or lava flow.

The prospectors' hopes of finding gold are already bringing new hope to Waihi's business community.

To hear some of the bar-room prophets tell it: "She'll be a boom town, mate."

Maybe. But whatever the outcome, Waihi's small

businessmen are catching gold fever — that infectious strain of optimism without which no risky goal is ever achieved.

To back the optimism, millions of dollars in high-risk venture capital are flooding in to the gold/silver exploration boom centred on Waihi.

As the diamond core drills grind their way through the quartz reefs, geologists search for outcrops to map the geological structure, mining majors squabble over claims

and small New Zealand-owned mining companies bargain with the majors wanting to buy into a "hot prospect".

Amox, the American molybdenum giant, has increased the tempo of its drilling programme on Martha Hill, chewing through the rock with two rigs and through \$3 million worth of holes in an incredibly difficult drill programme.

Amoco Minerals (NZ) Ltd is pushing drill steel through

quartz stockworks, coming up with good core recovery on its Waitekauri prospect just out of Waihi.

Mineral Resources (NZ) Ltd is first up with mines, albeit small ones, on its Union Hill mining licence area. It is talking with potential joint ventures.

Southern Cross Minerals Exploration Ltd has a British geologist fossicking about in its Karangahake mine with an eye to a joint venture deal.

Amox's Martha Hill prospect is closest to the big decision — to mine or not to mine.

Martha Hill is a Swiss cheese of mine shafts and adits, all of which were fairly well mapped together with records of how much gold came out of those holes.

Amox is now involved in the tough task of core drilling the hill to see how much gold is left.

At first, Amox wanted to de-

water the mine so it could be underground, thus avoiding some of the cavities. But it was delayed in obtaining water rights to discharge the mine water.

Amox now has 11 holes down from the surface and plans 71 more to complete the surface drill pattern. The holes are from 150 to 300 metres deep.

The cost of pushing the big "pg" core drills through the broken ground is running at \$300 a metre.

meanwhile, mining hopefuls keep ears to the ground

The recovered core in the boxes shows just how tough the job has been. Between sections of core are broken rock where the drill ran into an old back-filled slope. Bits of wood, culley iron, spikes and other rubbish show where the drill has hit old adits.

When the drill hits a cavity, the cavity must either be cemented or cased through before proceeding. But sometimes this is not suc-

cessful. Drill rods have become stuck, holes have been abandoned before realising target depth.

Amox has two drill rigs on Martha Hill working two 10-hour shifts a day, seven days a week. The best day so far produced 8½ metres of core. It's all a very expensive process.

But Amox is quietly enthusiastic about the assays of the core, the first of which showed about 2½ grams of

gold and 3 to 3½ ounces of silver a tonne.

Surface drilling is expected to be completed late this year, after which Amox might de-water the mine to drill underground.

A few miles out of Waihi on the road to Paeroa is Amoco Mineral's Waitekauri prospect. Amoco has four holes into the quartz reefs beneath the gently rolling farmland.

Amoco's cost per metre for its "e" core is about \$100.

When NBR visited the drill site last month, the core looked very much like samples of stockworks from Martha Hill, tiny veins in quartz stained with iron oxides and sulphides.

Even the best ore in the Waihi area doesn't look like much. The gold is too finely disseminated to be seen. Some of the rock looks "cooked up" — like toffee — but it proves to have a low assay. Other rock-looking like waste comes up with a high assay.

Amoco wasn't talking about the assays of its core, although no-one on the site was putting the lid on bubbling optimism. Amoco plans to move its drill rig from this site to a prospect near Thames.

Within a month or so the sheep will probably be munching grass on the drill sites; the only remaining evidence of Amoco's investment money should be a few drill collars a few inches across sticking out of the grass.

Across the valley from Waitekauri, Southern Cross Minerals Exploration Ltd has its Karangahake mine. Karangahake is an old mine to which Southern Cross obtained the rights.

A large cross-cut enters the steep hillside with serviceable rails. At the portal, Southern Cross has a small crusher, ball mill and shaker tables.

Southern Cross is working towards a 50/50 joint venture with a British company, Havensound Ltd in which Havensound could buy a half interest in the mine in return for \$500,000 in exploration expenditure. This deal has not been completed.

Havensound controls about 25 per cent of Southern Cross shares. This company sent British geologist Peter Chesterfield to evaluate the prospect about seven months ago. Chesterfield was also appointed to the Southern Cross board.

Southern Cross, in its 1979 annual report, said its aim was to interest a party in providing the plant and capital necessary to process 100 tonnes of ore a day.

NBR went through the old Karangahake mine with

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No explosives here... all done with an airpick at Union Hill!

Chesterfield last month. There was one major reef several metres wide running sub-parallel to the big cross-cut that had not been worked out by the old miners.

Chesterfield said Havensound was still evaluating the prospect and no deal had been firming up with Southern Cross. He was unwilling to talk further about financial aspects of the prospect.

Southern Cross has applied for water rights with the Hauraki Catchment board to drill the prospect. The application was opposed by the Environmental Defence Society.

Old-time miners who worked on the Karangahake mine are pessimistic about there being any gold left in the mine.

But this same sort of pessimism was prevalent at the start of Amox's Martha Hill exploration programme.

Manufacturing

Plix: making 'dramatic changes' to get market

by Kate Contos

"WE'RE out to get the market," says Colin Treadwell, marketing manager of Hastings-based Plix Products Ltd.

"We're at the stage in our development when we're forging ahead in leaps and bounds. We've got good staff and good staff feeling. The only problem is liquidity."

Treadwell is talking not only about the sanitary wear for which Plix is known (it has world-pioneered the acrylic bath and invented the "shub" shower-tub). Bathroom furniture is only one-quarter of Plix business.

The other three-quarters is packaging. Plix has plunged almost over its head into the rapidly expanding horticultural market.

And the company still churns out TV escutcheons (fronts and

backs), street lamp bowls, lightshades, hospital dressings, blister packaging, shrink wrapping of beer cans, sacrament cups for churches, fishbowls, taxi signs and building signs.

The factory at Pakipaki has been working seven days a week, 24 hours a day, closing only for Christmas Day and New Year's Day.

Of that production time, seven or eight months were devoted to making kiwifruit trays. Millions have gone into the domestic market for shipment overseas with fruit in them; 500,000 have gone empty to growers in Europe.

Because so much of its machinery has been tied up on kiwifruit, Plix has imported a \$250,000 Irwin Mini-Mognum automatic vacuum former from the United States, which arrived in mid-February. Usually

the company designs and builds its own equipment but it just doesn't have time these days.

A prototype tray for mangoes and avocados is ready now, and Plix hopes to be selling a million a year, within the next 12 months, to Australia.

The company is always looking for new ideas. Bruce Cowan, general manager, recently announced to Hawke's Bay farmers: "We'd be willing to move in any direction particularly in the horticultural field."

A recent product — "one of the largest projects we have ever undertaken," according to Colin Treadwell — is the Roottrainer.

A novel method of planting seeds individually in long, thin, vertical cavities packed in "books", Roottrainer encourages seedlings to reach a

plantable stage faster than those grown in other containers and the plants can be easily inspected at any stage by merely opening the "book".

Treadwell says Roottrainers are causing some excitement among asparagus growers since asparagus seed reached \$200 a pound.

A Canadian invention, it was noticed by sales executive Hartley Hatherell in a Canadian magazine and followed up by J.A. Dallimore, founder of Plix and managing-director at that time.

Now Plix is licensed to produce and sell Roottrainers anywhere in the Pacific Basin. Production began on April 1 last year. "It has enormous export potential," says Treadwell. "We went to the highlands of Fiji where they plant 11 million pines annually. We saw trials of our Roottrainers."

Plix distributes through its own Auckland agency with three reps, plus three more working the lower part of the North Island, Methven in the Wellington province and South Island, four distribution points besides its Pakipaki factory, and about 300 distribution outlets throughout the country. This is where the heat is on.

"We aim to carry greater stocks here and in warehouses. We are asking distributors to increase their stock holdings," Treadwell says.

"With transport being slow in some areas, it's essential that we don't run out of stock at any point. Merchants these days expect manufacturers to carry stock to suit their day-to-day needs. This doesn't please us but the competition forces us to act."

The sales philosophy, as always, is "not to look at what is currently available and imitate it but to produce an article for which there is a need but which is not represented in the field," says Treadwell.

"We have found that as soon as we produce something in quantity, other manufacturers are inclined to think there is room for them and consequently nigger away at it. So

"Malaysia and Singapore are making loud noises about using them for rubber plants."

Plix plans to increase exports by 10 per cent in the next year. It is looking to the Middle East, too; an agent has been appointed in Bahrain.

Direct exports amount to about \$100,000 annually and, indirectly \$1 million, which helps carp import licenses for raw materials. Plix uses about 400 tonnes of polystyrene granules a year.

But all this horticultural activity meant that Plix began dropping behind in bathroom furniture sales. Now it is rushing to catch up.

Wally Fawcner, formerly field representative at Plix Agency Ltd, Auckland, was brought to Hastings two months ago as sales manager "to lift the status of our bathroom furniture and to form a cohesive sales force," explains Treadwell.

But Plix became complacent, Treadwell feels. The bathroom products began to look out of date and limited in color range.

"Frankly, we did not have the manpower to improve the situation."

"Now, however, we have taken steps to rectify this. We're finding out what customers want. We're after still better quality. And correct advertising to go with the product. Correct representation in the field. Correct recording of historical sales. We didn't have time to study trends before. Correct budget for future sales."

"We're revamping our designs and our colours."

General manager Bruce Cowan adds: "We've got three pages of projects on the books."

The projects are discussed by a management committee meeting weekly, comprising Cowan, Treadwell, factory manager Harry Foster, technical manager Roy Park and development engineer Jim Cowan.

The revamping is already beginning to pay off. On February 23 Treadwell went to Invercargill to receive the superior design award from the

we have a formed a policy of taking design registration on products we know are going to be good.

"This slows down competitors but does not stop them. But we always stay ahead. We started when equipment wasn't so expensive. We've built up a collection of moulds and dies which would be tremendously expensive if anyone wanted to duplicate them."

The founder, Dallimore, was willing to take risks, says Treadwell. "He would invest money in equipment on the more-than-50/50 chance that the product would grow in use and he was absolutely dead right."

For example? "The peach tray. When we moved into that we made 5000 peach trays in the first year which did not even pay for the \$15,000 machine. But now we ship a million peach trays to Australia besides servicing the New Zealand market."

But Plix became complacent, Treadwell feels. The bathroom products began to look out of date and limited in color range.

"Frankly, we did not have the manpower to improve the situation."

"Now, however, we have taken steps to rectify this. We're finding out what customers want. We're after still better quality. And correct advertising to go with the product. Correct representation in the field. Correct recording of historical sales. We didn't have time to study trends before. Correct budget for future sales."

"We're revamping our designs and our colours."

General manager Bruce Cowan adds: "We've got three pages of projects on the books."

The projects are discussed by a management committee meeting weekly, comprising Cowan, Treadwell, factory manager Harry Foster, technical manager Roy Park and development engineer Jim Cowan.

The revamping is already beginning to pay off. On February 23 Treadwell went to Invercargill to receive the superior design award from the

Manufacturing

from bathrooms into horticulture products

Society of Master Plumbers for a new pedestal basin.

The week before, the company held a distributors' seminar at Pakipaki to educate everyone in Plix products, methods and philosophies. "We want to do away with the old approach of, 'Do you want something today? No? Okay, see you next time,'" says Treadwell.

Ten years ago acrylic baths had only 25 per cent of the market; now public acceptance has grown so that acrylic is 60 per cent. "Why have second best when you can have acrylic?" asks Treadwell.

Five years ago Plix turnover was not quite \$1.5 million. Now it is almost \$4 million.

To 20 years the company has expanded its plant physically from 557 square metres to 3716.

But one of the main problems of a growing company, as Treadwell points out, is finance. The steep increased cost of stock, of raw materials, eats

up all the profits. We are growing 30 per cent a year and financial problems grow at double that rate.

"So we needed a good financial man to run the company," he says, referring to Cowan who had been company secretary until he took over the general managership two years ago when Dallimore retired.

And all of this must give Dallimore great satisfaction when he recalls the day in March 1948 when he went four miles into Hastings with 30 shillings to buy a bunch of letterpresses to resuscitate a dying wood veneer company by switching it over to plastics.

A sign on the office building outside says, "All inquiries to office, please." Inside a sign says, "Please do not smoke." Says Roy Park, "We say 'please' a lot."

Management of industrial disputes, Plix Products Ltd has been singularly free from employer-employee disruptions and has a reputation in Hawke's Bay for being a good place to work.

"We've got 78 employees and we're on a first-name basis with all of them. We know how many children they've got," says factory manager Harry Foster.

"When you all work together on one project, there is no need to be formal. Management works closely with the tool-room people and the machine operators."

According to marketing manager Colin Treadwell: "We involve the factory in everything we do. We close down once every three months for a full staff meeting to keep everybody informed on what's going on, what will happen next."

"For example, everybody

knows that our new vacuum former from the United States has arrived and they are aware of its importance."

Technical director Roy Park agrees: "We believe that people do take an interest in what they're doing. The man who actually is doing a job knows more about that particular job than I do. I am prepared to listen to what he has to say about designs and how to get the job done. We frequently pick up good ideas from the staff."

This reminds Treadwell of the time he walked past one machine where a woman was removing waste and putting it into a box. "She said surely we could build a chute that would eliminate her job, and we did. And put her into another job."

Technical director Roy Park adds: "We're on good terms with the union — the Metalworkers Union is very responsible — and we stick to the terms of the agreement."

Say 'please' a lot — it works for Plix

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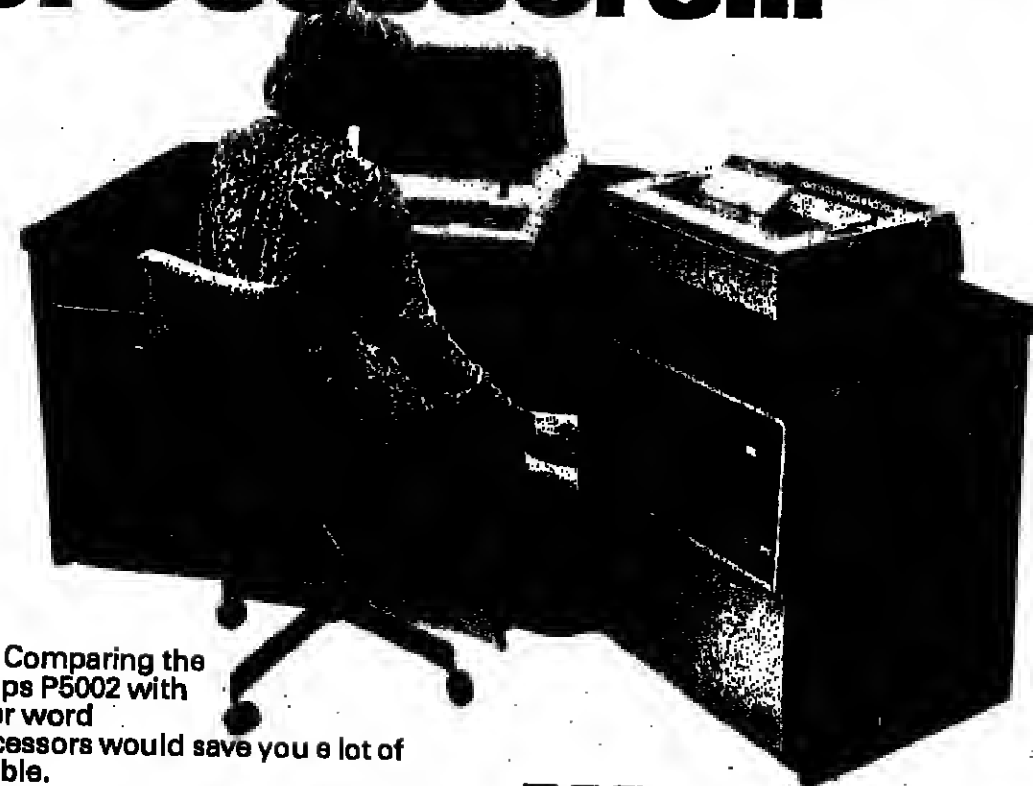
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